

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

PAW PAW TOWNSHIP

WABASH COUNTY, INDIANA

January 1, 2020 to December 31, 2024



FILED
05/19/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ashley Cordes	01-01-20 to 12-31-25
Chair of the Township Board	Mike Schuler	01-01-20 to 12-25-22
	(Vacant)	12-26-22 to 08-02-23
	Scott Dawes	08-03-23 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF PAW PAW TOWNSHIP, WABASH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Paw Paw Township (Township), for the period of January 1, 2020 to December 31, 2024. 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>.

Beth Kelley, CPA, CFE
Deputy State Examiner

April 21, 2025

PAW PAW TOWNSHIP, WABASH COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in the noncompliance with laws, regulations, and Guidelines over the following areas as detailed further in the comments below:

- Fund Sources and Uses - County Tax Settlements and Local Income Tax (LIT)
- Adoption of, and Training on, Internal Control Standards
- Certification on Internal Control Standards

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. . . ."

FUND SOURCES AND USES - COUNTY TAX SETTLEMENTS AND LOCAL INCOME TAX (LIT)

Condition and Context

County Tax Settlement Distributions

In 2022 and 2023, there were \$4,065 and \$4,546, respectively, of County tax settlement distributions, which included property, license excise, commercial vehicle excise, and financial institution taxes, receipted into the Fire Fighting fund in error that belonged to the Township fund.

Local Income Tax (LIT) Distributions

For each year of the engagement period, Local Income Tax (LIT) distributions were receipted into the Cumulative Fire fund and/or Fire Fighting fund in error that belonged to the Township fund as detailed in the following schedule:

PAW PAW TOWNSHIP, WABASH COUNTY
 COMMENTS
 (Continued)

Year	Fund	Amount
2020	Cumulative Fire	\$ 10,378
2021	Cumulative Fire	10,128
2022	Cumulative Fire	2,900
2023	Fire Fighting	7,266
2024	Cumulative Fire	6,492
2024	Fire Fighting	1,791

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

Condition and Context

The Township had not adopted the minimum level of internal control standards as required by statute. Additionally, the Township did not provide to employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township training over internal control standards that were developed or approved by the Indiana State Board of Accounts during the engagement period.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Township incorrectly certified on the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system for 2020 through 2024 that the required internal control standards had been adopted and training had been provided to personnel. However, the Township had not adopted the internal control standards as required by Indiana Code 5-11-1-27(g), nor had all required personnel been trained.

PAW PAW TOWNSHIP, WABASH COUNTY
COMMENTS
(Continued)

Criteria

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

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. 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](#)."

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



PAW PAW TOWNSHIP, WABASH 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 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Township	\$ 283,810	\$ 46,614	\$ 29,411	\$ 301,013	\$ 74,773	\$ 29,054	\$ 346,732
Park and Recreation	5,472	5,418	3,300	7,590	5,350	3,313	9,627
Township Assistance	14,137	-	-	14,137	-	-	14,137
Fire Fighting	139,242	46,941	28,500	157,683	24,039	156,629	25,093
Rainy Day	22,706	-	7,500	15,206	-	-	15,206
Levy Excess	-	-	-	-	307	-	307
Cumulative Fire	60,022	23,988	4,200	79,810	22,175	72,081	29,904
Cemetery	42,418	12,365	10,297	44,486	10,075	15,946	38,615
Payroll Deduction	(333)	1,143	307	503	812	86	1,229
Totals	<u>\$ 567,474</u>	<u>\$ 136,469</u>	<u>\$ 83,515</u>	<u>\$ 620,428</u>	<u>\$ 137,531</u>	<u>\$ 277,109</u>	<u>\$ 480,850</u>

PAW PAW TOWNSHIP, WABASH 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 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Township	\$ 346,732	\$ 69,259	\$ 31,454	\$ 384,537	\$ 82,540	\$ 30,992	\$ 436,085
Park and Recreation	9,627	5,435	-	15,062	5,297	1,082	19,277
Township Assistance	14,137	-	326	13,811	-	858	12,953
Fire Fighting	25,093	33,142	28,500	29,735	49,281	30,700	48,316
Rainy Day	15,206	-	75	15,131	-	1,214	13,917
Levy Excess	307	-	-	307	-	-	307
Cumulative Fire	29,904	17,528	-	47,432	30,655	-	78,087
Cemetery	38,615	7,225	27,262	18,578	2,763	9,603	11,738
Payroll Deduction	1,229	812	-	2,041	812	45	2,808
Totals	<u>\$ 480,850</u>	<u>\$ 133,401</u>	<u>\$ 87,617</u>	<u>\$ 526,634</u>	<u>\$ 171,348</u>	<u>\$ 74,494</u>	<u>\$ 623,488</u>

PAW PAW TOWNSHIP, WABASH COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2024

Fund	Cash and Investments 01-01-24	Receipts	Disbursements	Cash and Investments 12-31-24
Township	\$ 436,085	\$ 54,977	\$ 35,172	\$ 455,890
Park and Recreation	19,277	5,255	871	23,661
Township Assistance	12,953	12,585	1,960	23,578
Fire Fighting	48,316	39,295	33,200	54,411
Rainy Day	13,917	-	-	13,917
Levy Excess	307	-	-	307
Cumulative Fire	78,087	44,743	50,000	72,830
Cemetery	11,738	26,024	10,583	27,179
Payroll Deduction	2,808	812	-	3,620
Totals	<u>\$ 623,488</u>	<u>\$ 183,691</u>	<u>\$ 131,786</u>	<u>\$ 675,393</u>

PAW PAW TOWNSHIP, WABASH COUNTY
EXIT CONFERENCE

The contents of this report were communicated to Ashley Cordes, Trustee, and Shelby Ridenour, Township Board member, on May 13, 2025.