

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

ORANGE TOWNSHIP

NOBLE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**

05/12/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	George A. Wolfe Shawn Wilson	01-01-20 to 12-31-22 01-01-23 to 12-31-25
Chair of the Township Board	Thomas Brady John Edwards	01-01-20 to 12-31-22 01-01-23 to 12-31-25



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## INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF ORANGE TOWNSHIP, NOBLE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Orange Township (Township), for the period of January 1, 2020 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 Shawn Wilson, Trustee; John Edwards, Chair of the Township Board; Thomas Brady, Township Board member; and Christopher Landers, Fire Chief, on May 5, 2025.



Beth Kelley, CPA, CFE  
Deputy State Examiner

April 16, 2025

ORANGE TOWNSHIP, NOBLE COUNTY  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal control deficiencies resulted in the noncompliance with laws and regulations over:

- Training on Internal Control Standards
- Certification on Internal Control Standards
- Salary Resolution
- Overpayment Collections
- Capital Assets
- Annual Uploads

The noncompliance resulting from the internal control deficiencies are further detailed 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.

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. . . ."

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

Internal controls were not in place to ensure the current Trustee and Deputy Trustee received training on internal control standards and procedures that were adopted by the Township as of December 31, 2023.

ORANGE TOWNSHIP, NOBLE COUNTY  
COMMENTS  
(Continued)

*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*

Internal controls were not in place to ensure accurate certification of internal control training in the Annual Financial Report (AFR) filed via the Indiana Gateway for Government Units financial reporting system. The Trustee certified on the 2023 AFR that internal control training was provided for required personnel. However, the Township did not provide internal control training for the current Trustee and Deputy Trustee.

*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](#)."

**SALARY RESOLUTION**

*Condition and Context*

Internal controls were not in place to ensure a Resolution Establishing Salaries of Township Officers and Employees (Form 17) was provided for 2023 documenting Township Board approval of compensation.

*Criteria*

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the Township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

ORANGE TOWNSHIP, NOBLE COUNTY  
COMMENTS  
(Continued)

IC 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should RECORD THE SALARIES SO FIXED IN THE TOWNSHIP BOARD MINUTES. A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

Township Form No. 17 (Revised 2020) has been prescribed to fulfill the requirements of the law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**OVERPAYMENT COLLECTIONS**

*Condition and Context*

Internal controls were not in place to ensure overpayments of amounts due did not occur.

The following overpayments were made during the engagement period:

1. Payments for gasoline and diesel fuel for the Fire Department and the Cemetery were paid originally from invoices and subsequently from statements four times during the engagement period. As of April 2025, a credit balance of \$1,417 is still due to the Township from the supplier of fuel.
2. Federal 941 taxes for January of 2021 were overpaid by \$152.

*Criteria*

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**CAPITAL ASSET**

*Condition and Context*

Internal controls were not in place to ensure compliance with requirements over capital assets. The Township did not adopt a capital assets policy that detailed the threshold at which an item is considered a capital asset. Additionally, the Township did not properly maintain its Capital Asset Ledger as of December 31, 2023.

ORANGE TOWNSHIP, NOBLE COUNTY  
COMMENTS  
(Continued)

*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)

**ANNUAL UPLOADS**

A similar comment appeared in a Management Letter addressed to the Officials of the Township for the review period ending December 31, 2019.

*Condition and Context*

Internal controls were not in place to ensure required documents and information were uploaded annually in accordance with State Examiner Directive 2018-1 as amended (Directive). The Township did not comply with the Directive and failed to upload any of the required annual files into the Indiana Gateway for Government Units financial reporting system for 2022. The following files and governmental unit information are required to be uploaded annually:

- Year-end investment statements.
- Detail of receipts for the year.
- Detail of disbursements for the year.
- Current year salary ordinance (and Amendments).
- Annual employee earnings records/payroll history report without social security numbers.
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund.
- Accounts Payable/Accounts Receivable Schedule support (effective for 2023 annual uploads).
- Personnel Policy (effective for 2023 annual uploads).

For 2023 required annual files, the Township only uploaded the salary ordinance, which was for 2024.

*Criteria*

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the 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. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021, and Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024, and the 2023 annual uploads due March 1, 2024)

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)

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

ORANGE TOWNSHIP, NOBLE 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	\$ 511,890	\$ 148,279	\$ 109,466	\$ 550,703	\$ 166,329	\$ 128,828	\$ 588,204
Recreation	26,509	7,401	2,000	31,910	6,422	6,041	32,291
Township Assistance	154,176	16,213	2,506	167,883	19,773	3,227	184,429
Fire Fighting	426,607	211,651	106,770	531,488	210,716	99,541	642,663
Rainy Day	23,026	-	-	23,026	-	-	23,026
Cumulative Fire	445,889	75,602	-	521,491	83,278	-	604,769
Fire Building Debt	17,687	110,791	101,020	27,458	100,236	101,040	26,654
Payroll Deductions	191	13,566	12,471	1,286	13,780	14,808	258
Fire Debt Service	28,514	102,819	110,874	20,459	104,476	110,874	14,061
Totals	<u>\$ 1,634,489</u>	<u>\$ 686,322</u>	<u>\$ 445,107</u>	<u>\$ 1,875,704</u>	<u>\$ 705,010</u>	<u>\$ 464,359</u>	<u>\$ 2,116,355</u>

ORANGE TOWNSHIP, NOBLE 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	\$ 588,204	\$ 201,887	\$ 122,932	\$ 667,159	\$ 326,885	\$ 414,823	\$ 579,221
Recreation	32,291	6,815	7,550	31,556	2,814	6,454	27,916
Township Assistance	184,429	12,786	2,646	194,569	8,206	5,431	197,344
Fire Fighting	642,663	214,614	120,350	736,927	81,858	414,110	404,675
Rainy Day	23,026	-	-	23,026	214,102	-	237,128
Cumulative Fire	604,769	95,914	-	700,683	62,043	42,213	720,513
Fire Building Debt	26,654	99,402	101,030	25,026	76,004	101,030	-
Payroll Deductions	258	14,528	14,819	(33)	9,945	9,912	-
Fire Debt Service	14,061	44,644	42,578	16,127	-	16,127	-
<b>Totals</b>	<u>\$ 2,116,355</u>	<u>\$ 690,590</u>	<u>\$ 411,905</u>	<u>\$ 2,395,040</u>	<u>\$ 781,857</u>	<u>\$ 1,010,100</u>	<u>\$ 2,166,797</u>