

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

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

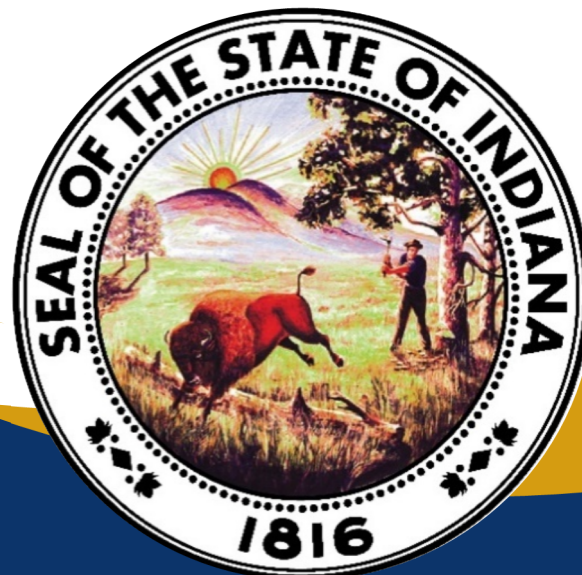
COMPLIANCE ENGAGEMENT REPORT

OF

PLEASANT TOWNSHIP

STEBEN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

04/30/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lawnie M. McClelland Lesli Hall	01-01-20 to 12-31-22 01-01-23 to 12-31-25
Chair of the Township Board	James Wyatt	01-01-20 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF PLEASANT TOWNSHIP, STEUBEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Pleasant 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 Lesli Hall, Trustee; Lawnie M. McClelland, former Trustee; Daren McClelland, Township Board member; and James Wyatt, Chair of the Township Board, on April 23, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 31, 2025

PLEASANT TOWNSHIP, STEUBEN COUNTY
COMMENTS

INTERNAL CONTROLS - COMPLIANCE

Condition and Context

Internal control deficiencies resulted in the noncompliance over:

- Contracts
- Bank Depository Reconcilements
- Debit/Procurement Cards
- Annual Financial Report

These 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. . . ."

CONTRACTS

Condition and Context

The former Trustee's term of office ended on December 31, 2022. During 2020, the former Trustee entered into a contract for fire protection from January 1, 2021 to December 31, 2030. Also, during January of 2021, the former Trustee entered into a contract for cemetery mowing and maintenance from January 15, 2021 to December 31, 2025. The former Trustee should not have entered into contracts for fire protection and cemetery mowing and maintenance beyond the term of office ending of December 31, 2022.

Criteria

The proper officers of the township can enter a contract for fire protection only after an appropriation has been made, and then only for the term of office of the trustee. 1950, No. 15, Page 45 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 8)

PLEASANT TOWNSHIP, STEUBEN COUNTY
COMMENTS
(Continued)

BANK DEPOSITORY RECONCILEMENTS

Condition and Context

The Township prepared monthly depository reconcilements for the engagement period. The reconcilements were prepared by the bank depository. Combined reconcilements of all depositories reconciled to combined cash and investments by fund were not completed. The Indiana State Board of Accounts was able to complete the combined reconcilements for the three-year period ending December 31, 2022, with trivial differences each year. The Indiana State Board of Accounts combined reconciliation at December 31, 2023, revealed the combined depositories balance was \$1,448 less than the Township's cash and investments balance by fund.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

DEBIT/PROCUREMENT CARDS

Condition and Context

The Township uses a debit card for several expenditures to local vendors and internet purchases. The Township does have supporting documentation for these expenditures. A debit/procurement cards policy had not been approved by the Township Board.

Criteria

The SBOA will not take exception to the use of debit/procurement cards by a unit provided the following criteria are observed:

1. The governing body must authorize debit/procurement card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the debit/procurement card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the debit/procurement card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.

PLEASANT TOWNSHIP, STEUBEN COUNTY
 COMMENTS
 (Continued)

6. Debit/procurement cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The amounts entered in Gateway for January 1, 2020, did not agree with the December 31, 2019 amounts for the Township fund (\$823,520 at January 1, 2020, to \$826,970 at December 31, 2019) and Circle Hill fund (\$112,615 at January 1, 2020, to \$109,165 at December 31, 2019). The amounts initially entered in Gateway for 2022 and 2023 did not agree with the Township's records. The Trustee submitted corrected information for 2022 and 2023, as presented in this report.

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Original AFR:							
Township	\$ 651,459	\$ 533,719	\$ 367,177	\$ 818,001	\$ 495,584	\$ 350,131	\$ 963,454
Township Assistance	1,843,829	8,414	190,457	1,661,786	12,378	230,579	1,443,585
Fire Fighting	1,933,178	506,043	377,026	2,062,195	403,101	1,594,967	870,329
Rainy Day	1,014,895	-	-	1,014,895	-	-	1,014,895
Circle Hill	179,578	40,098	147,748	71,928	18,233	79,337	10,824
Totals	<u>5,622,939</u>	<u>1,088,274</u>	<u>1,082,408</u>	<u>5,628,805</u>	<u>929,296</u>	<u>2,255,014</u>	<u>4,303,087</u>
Corrected AFR:							
Township	414,350	285,456	501,428	198,378	493,078	413,153	278,303
Township Assistance	962,505	6,020	190,457	778,068	13,046	230,579	560,535
Fire Fighting	1,134,404	742,496	377,026	1,499,874	442,914	1,595,450	347,338
Rainy Day	564,895	-	3,340	561,555	-	-	561,555
Circle Hill	176,666	54,641	11,163	220,144	18,233	16,962	221,415
Totals	<u>3,252,820</u>	<u>1,088,613</u>	<u>1,083,414</u>	<u>3,258,019</u>	<u>967,271</u>	<u>2,256,144</u>	<u>1,969,146</u>
Variences	<u>\$ (2,370,119)</u>	<u>\$ 339</u>	<u>\$ 1,006</u>	<u>\$ (2,370,786)</u>	<u>\$ 37,975</u>	<u>\$ 1,130</u>	<u>\$ (2,333,941)</u>

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

PLEASANT TOWNSHIP, STEUBEN 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	\$ 823,520	\$ 141,485	\$ 396,070	\$ 568,935	\$ 139,141	\$ 293,726	\$ 414,350
Township Assistance	1,091,437	134,889	149,005	1,077,321	1,416	116,232	962,505
Fire Fighting	1,265,593	861,611	994,957	1,132,247	883,676	881,519	1,134,404
Rainy Day	241,445	450,000	126,550	564,895	-	-	564,895
Circle Hill	112,615	39,458	4,655	147,418	32,522	3,274	176,666
Totals	<u>\$ 3,534,610</u>	<u>\$ 1,627,443</u>	<u>\$ 1,671,237</u>	<u>\$ 3,490,816</u>	<u>\$ 1,056,755</u>	<u>\$ 1,294,751</u>	<u>\$ 3,252,820</u>

PLEASANT TOWNSHIP, STEUBEN 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	\$ 414,350	\$ 285,456	\$ 501,428	\$ 198,378	\$ 493,078	\$ 413,153	\$ 278,303
Township Assistance	962,505	6,020	190,457	778,068	13,046	230,579	560,535
Fire Fighting	1,134,404	742,496	377,026	1,499,874	442,914	1,595,450	347,338
Rainy Day	564,895	-	3,340	561,555	-	-	561,555
Circle Hill	176,666	54,641	11,163	220,144	18,233	16,962	221,415
Totals	<u>\$ 3,252,820</u>	<u>\$ 1,088,613</u>	<u>\$ 1,083,414</u>	<u>\$ 3,258,019</u>	<u>\$ 967,271</u>	<u>\$ 2,256,144</u>	<u>\$ 1,969,146</u>