

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

CASS TOWNSHIP

CLAY COUNTY, INDIANA

January 1, 2021 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	Robert Dodson	01-01-21 to 12-31-22
	Beth Crocker	01-01-23 to 01-25-23
	Rebekah Foltz	01-26-23 to 12-31-25
Chair of the Township Board	Michele Neese	01-01-19 to 12-31-22
	Rebekah Foltz	01-01-23 to 01-25-23
	Michele Neese	01-26-23 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF CASS TOWNSHIP, CLAY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Cass Township (Township), for the period of January 1, 2021 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

May 1, 2025

CASS TOWNSHIP, CLAY COUNTY
COMMENTS

CAPITAL ASSETS

This comment also appeared in a Management Letter addressed to the Officials of the Township for the engagement period ending December 31, 2020.

Condition and Context

Internal controls were not in place to ensure the Township followed guidelines on capital assets. The Township had not adopted a capital asset policy. The Township presented a listing of capital assets, but it had not been posted timely. Asset purchases and deletions for the years 2021 through 2023 were not recorded until an inventory was conducted in 2024.

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)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (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:

"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. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Township had not established effective internal controls over the information submitted in the AFR, which resulted in the following errors:

CASS TOWNSHIP, CLAY COUNTY
COMMENTS
(Continued)

Capital Assets

Amounts reported for capital assets on the AFR were not supported by a detailed listing of capital assets in 2021, 2022, and 2023. Variances between the amount shown on the detailed listing updated in 2024, as discussed in the previous comment entitled *CAPITAL ASSETS*, and the amount reported on the AFR for those years were \$1,004,736, \$1,001,320, and \$986,426, respectively.

Leases and Debt

The leases and debt information entered in the AFR was incorrect. The following errors were noted:

- In 2021, the ending principal balance for the lease of three fire trucks was overstated in the amount of \$236, and principal due within one year was understated in the amount of \$13,529.
- In 2021, the principal due within one year was understated by \$12,903 for a vehicle.
- In 2022, the principal due within one year was understated by \$22,454 for a vehicle.
- In 2023, the principal due within one year was understated by \$20,790 for a vehicle.
- In 2024, the principal and interest due within one year was understated by \$9,692 for a vehicle.

Grant Schedule

The grant schedule in the AFR was not supported by the Township's records. The grant schedule submitted in the 2023 AFR was understated by \$4,545.

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](#)."

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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CASS TOWNSHIP, CLAY COUNTY
COMMENTS
(Continued)

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TRANSFERS TO RAINY DAY FUND

Condition and Context

Internal controls were not sufficient to ensure transfers made from the General Fund to the Rainy Day fund did not exceed the allowable amount. A transfer of \$10,000 was made from the General Fund on December 16, 2024. This exceeded 15 percent of the Township's annual budget, which is the maximum amount allowed to be transferred. The Township's total annual budget for 2024 was \$9,190. Therefore, the maximum allowed by law to transfer was \$1,379.

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:

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Indiana Code 36-1-8-5.1(d) states:

"In any fiscal year, a political subdivision may, at any time, do the following:

- (1) Transfer any unused and unencumbered funds specified in subsection (b)(2)(A) from any fiscal year to the rainy day fund.
- (2) Transfer any other unobligated cash balances from any fiscal year that are not otherwise identified in subsection (b)(2)(A) or section 5 of this chapter to the rainy day fund as long as the transfer satisfies the following requirements:
 - (A) The amount of the transfer is authorized by and identified in an ordinance or resolution.
 - (B) The amount of the transfer is not more than:

CASS TOWNSHIP, CLAY COUNTY
COMMENTS
(Continued)

- (i) before January 1, 2021, ten percent (10%);
- (ii) after December 31, 2020, and before January 1, 2025, fifteen percent (15%);
and
- (iii) after December 31, 2024, ten percent (10%);

of the political subdivision's total annual budget adopted under [IC 6-1.1-17](#) for that fiscal year."



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

CASS TOWNSHIP, CLAY 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	\$ 6,163	\$ 5,989	\$ 4,997	\$ 7,155	\$ 7,031	\$ 6,317	\$ 7,869
Township Assistance	2,312	773	-	3,085	-	1,142	1,943
Firefighting	1,288	-	-	1,288	-	1,288	-
Fire Territory Rainy Day	13,460	-	4,000	9,460	3,500	5,000	7,960
Fire Territory General	64,053	116,369	108,893	71,529	112,702	126,181	58,050
Fire Territory Equipment Replacement	<u>44,454</u>	<u>105,726</u>	<u>65,402</u>	<u>84,778</u>	<u>67,426</u>	<u>103,968</u>	<u>48,236</u>
Totals	<u>\$ 131,730</u>	<u>\$ 228,857</u>	<u>\$ 183,292</u>	<u>\$ 177,295</u>	<u>\$ 190,659</u>	<u>\$ 243,896</u>	<u>\$ 124,058</u>

CASS TOWNSHIP, CLAY COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
General Fund	\$ 7,869	\$ 7,712	\$ 6,843	\$ 8,738	\$ 8,202	\$ 15,852	\$ 1,088
Misc Grants	-	-	-	-	5,000	5,000	-
Township Assistance	1,943	1,224	-	3,167	1,107	500	3,774
Fire Protection Territory General	58,050	156,635	70,261	144,424	168,145	85,192	227,377
Fire Territory Rainy Day	7,960	-	-	7,960	-	7,960	-
Lions WVF Grants	-	20,631	20,631	-	-	-	-
Fire Protection Territory Equip Replace	48,236	77,230	29,303	96,163	44,948	28,704	112,407
Rainy Day	-	-	-	-	10,000	-	10,000
Totals	<u>\$ 124,058</u>	<u>\$ 263,432</u>	<u>\$ 127,038</u>	<u>\$ 260,452</u>	<u>\$ 237,402</u>	<u>\$ 143,208</u>	<u>\$ 354,646</u>

CASS TOWNSHIP, CLAY COUNTY
EXIT CONFERENCE

The contents of this report were communicated to Rebekah Foltz, Trustee, and Marjorie Schultz, Secretary of the Township Board, on May 1, 2025.