

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

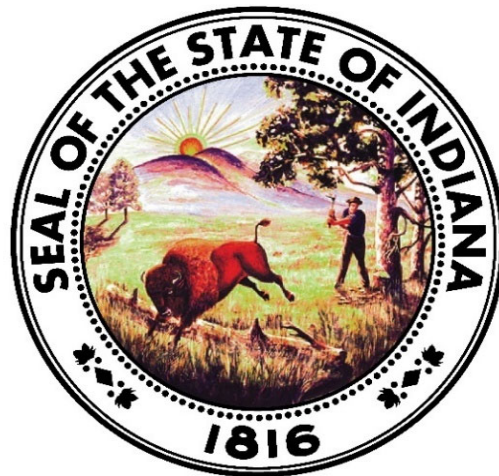
COMPLIANCE ENGAGEMENT REPORT

OF

COAL CREEK TOWNSHIP

MONTGOMERY COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
11/04/2024

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|----------------------------------------------------------------------------------------------------|-------------|
| Schedule of Officials | 2 |
| Compliance Report | 3-4 |
| Comments | 5-8 |
| Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis..... | 11-13 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------------------|------------------|----------------------|
| Trustee | Roger Kunkel | 01-01-19 to 12-31-24 |
| President of the Township Board | Barbara G. Clark | 01-01-19 to 12-31-22 |
| | Kevin McCord | 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

TO: THE OFFICIALS OF COAL CREEK TOWNSHIP, MONTGOMERY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Coal Creek 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 Roger Kunkel, Trustee, and Kevin McCord, President of the Township Board, on October 7, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

October 2, 2024

COAL CREEK TOWNSHIP, MONTGOMERY COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

An effective system of internal controls was not in effect at the Township to prevent, or detect and correct, errors. Due to the lack of internal controls, noncompliance was noted in the following areas:

- Adoption of, and Training on, Internal Control Standards
- Certification on Internal Control Standards
- Capital Assets
- Township Assistance

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. . . ."

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55171.

Condition and Context

Due to a lack of internal controls, the Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. Additionally, training on internal control standards and procedures had not been provided to required personnel of the Township.

COAL CREEK TOWNSHIP, MONTGOMERY 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

The same comment also appeared in prior Report B55171.

Condition and Context

Due to a lack of internal controls, the Township certified on the Annual Financial Report filed on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards and provided training on the internal control standards to required personnel as required by Indiana Code 5-11-1-27(g); however, during the engagement, there was no evidence presented to show that the Township had adopted the standards or that employees had received training concerning the standards.

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](#)."

CAPITAL ASSETS

Condition and Context

Due to a lack of internal controls, the Township had not adopted a capital asset policy during the engagement period. In addition, the Township had not conducted a physical inventory or kept record of its capital assets. The Township reported on its December 31, 2023 Annual Financial Report filed in the Indiana Gateway for Government Units financial reporting system \$395,000 of capital assets.

COAL CREEK TOWNSHIP, MONTGOMERY 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)

TOWNSHIP ASSISTANCE

Condition and Context

Township Assistance payments were made without adequate documentation. Of the 141 Township Assistance applications tested, 79 were not fully completed by the applicant. There was not adequate documentation of the investigation of the applications, and the prescribed form Township Assistance Action (TA-1A) was not completed for any of the items tested. For 1 of the 141 Township Assistance applications tested, the prescribed form Township Assistance Purchase Order (TA-2) was not completed.

Criteria

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)

Prescribed forms to be used by the township trustee in the administration of township assistance include: TA-1, TA-1A, TA-1B, and TA-2. See Chapter III for more information. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

Indiana Code 12-20-6-1 states:

"(a) A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended.

(b) An individual filing an application and affidavit on behalf of a household must provide the names of all household members and any information necessary for determining the household's eligibility for township assistance. The application must be on the form prescribed by the state board of accounts.

(c) An applicant for utility assistance under [IC 12-20-16-3\(a\)](#) must comply with [IC 12-20-16-3\(d\)](#).

(d) The township trustee may not extend additional or continuing aid to an individual or a household unless the individual or household files an affidavit with the request for assistance affirming how, if at all, the personal condition of the individual or the household has changed from that set forth in the individual's or household's most recent application.

COAL CREEK TOWNSHIP, MONTGOMERY COUNTY
COMMENTS
(Continued)

(e) The township trustee shall assist an applicant for township assistance in completing a township assistance application if the applicant:

- (1) has a mental or physical disability, including an intellectual disability, cerebral palsy, blindness, or paralysis;
- (2) has dyslexia; or
- (3) cannot read or write the English language."

Indiana Code 12-20-6-9 states:

"If an application for township assistance is made to the township trustee as administrator of township assistance, the township trustee, as administrator of township assistance, shall carefully investigate the circumstances of the applicant and each member of the applicant's household to ascertain the following:

- (1) Legal residence.
- (2) Names and ages.
- (3) Physical condition relating to sickness or health.
- (4) Present and previous occupation.
- (5) Ability and capacity to perform labor.
- (6) The cause of the applicant's or household member's condition if the applicant or household member is found to be in need and the cause can be ascertained.
- (7) Whether the applicant or a member of the applicant's household is entitled to income in the immediate future from any source, including the following:
 - (A) Past or present employment.
 - (B) A pending claim or cause of action that may result in a monetary award being received by any member of the applicant's household claiming to be in need.
 - (C) A pending determination for assistance from any other federal or state governmental entity.
- (8) The family relationships of the township assistance applicant.
- (9) Whether the township assistance applicant or members of the applicant's household have relatives able and willing to assist the applicant or a member of the applicant's household."

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

(This page intentionally left blank.)

COAL CREEK TOWNSHIP, MONTGOMERY 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 01-01-19 | Receipts | Disbursements | Cash and Investments 12-31-19 | Receipts | Disbursements | Cash and Investments 12-31-20 |
|------------------------|-------------------------------------|-------------------|------------------|-------------------------------------|-------------------|------------------|-------------------------------------|
| Township | \$ 64,594 | \$ 32,427 | \$ 32,716 | \$ 64,305 | \$ 33,921 | \$ 32,209 | \$ 66,017 |
| Township Assistance | 63,010 | 14,777 | 10,943 | 66,844 | 17,774 | 13,369 | 71,249 |
| Fire Fighting | 57,720 | 31,596 | 34,234 | 55,082 | 33,096 | 32,370 | 55,808 |
| Rainy Day | 11,085 | - | - | 11,085 | - | - | 11,085 |
| LEVY EXCESS | 235 | - | 234 | 1 | - | - | 1 |
| Cumulative Fire | 183,962 | 36,034 | 8,472 | 211,524 | 35,123 | 13,013 | 233,634 |
| Deductions from Salary | 1,530 | 3,841 | 3,874 | 1,497 | 4,180 | 3,962 | 1,715 |
| | <u>\$ 382,136</u> | <u>\$ 118,675</u> | <u>\$ 90,473</u> | <u>\$ 410,338</u> | <u>\$ 124,094</u> | <u>\$ 94,923</u> | <u>\$ 439,509</u> |
| Totals | <u>\$ 382,136</u> | <u>\$ 118,675</u> | <u>\$ 90,473</u> | <u>\$ 410,338</u> | <u>\$ 124,094</u> | <u>\$ 94,923</u> | <u>\$ 439,509</u> |

COAL CREEK TOWNSHIP, MONTGOMERY 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 | \$ 66,015 | \$ 37,155 | \$ 39,938 | \$ 63,232 | \$ 51,788 | \$ 51,159 | \$ 63,861 |
| Township Assistance | 71,249 | 18,900 | 11,499 | 78,650 | 20,984 | 10,309 | 89,325 |
| Fire Fighting | 55,809 | 35,647 | 31,030 | 60,426 | 21,659 | 42,824 | 39,261 |
| Rainy Day | 11,085 | - | - | 11,085 | - | - | 11,085 |
| LEVY EXCESS | 1 | - | 1 | - | 1,465 | - | 1,465 |
| Cumulative Fire | 233,634 | 34,504 | 98,604 | 169,534 | 32,795 | 18,194 | 184,135 |
| Deductions from Salary | 1,715 | 4,180 | 4,180 | 1,715 | 4,180 | 4,180 | 1,715 |
| Totals | <u>\$ 439,508</u> | <u>\$ 130,386</u> | <u>\$ 185,252</u> | <u>\$ 384,642</u> | <u>\$ 132,871</u> | <u>\$ 126,666</u> | <u>\$ 390,847</u> |

COAL CREEK TOWNSHIP, MONTGOMERY 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 | \$ 63,862 | \$ 52,778 | \$ 51,865 | \$ 64,775 |
| Township Assistance | 89,326 | 21,913 | 8,145 | 103,094 |
| Fire Fighting | 39,260 | 33,866 | 30,041 | 43,085 |
| Rainy Day | 11,085 | - | - | 11,085 |
| LEVY EXCESS | 1,465 | 103 | 1,465 | 103 |
| Cumulative Fire | 184,135 | 39,334 | 34,315 | 189,154 |
| Deductions from Salary | 1,715 | 4,538 | 4,318 | 1,935 |
| Totals | <u>\$ 390,848</u> | <u>\$ 152,532</u> | <u>\$ 130,149</u> | <u>\$ 413,231</u> |