

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

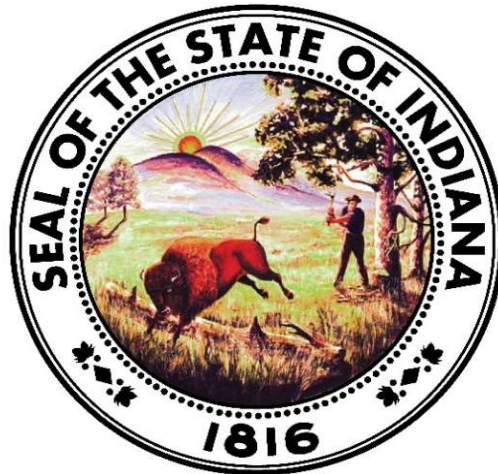
COMPLIANCE ENGAGEMENT REPORT

OF

PLAIN TOWNSHIP

KOSCIUSKO COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**

07/31/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Tyler Huffer Craig Charlton	01-01-19 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	Robert Bishop	01-01-19 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PLAIN TOWNSHIP, KOSCIUSKO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Plain Township (Township), for the period of January 1, 2019 to December 31, 2022. 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 Craig Charlton, Trustee; Robert Bishop, Chair of the Township Board; and Julia Goon, Administrative Assistant, on July 23, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

July 1, 2024

PLAIN TOWNSHIP, KOSCIUSKO COUNTY  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal control deficiencies resulted in noncompliance over condition of records, compensation and benefits, capital assets, and training and certification on internal controls, which are detailed further 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. . . ."

**CONDITION OF RECORDS**

*Condition and Context*

Due to the lack of internal controls during the engagement period, the Township posted local distributions received from Kosciusko County to incorrect funds in its accounting records. Fund balances for 2020 and 2022 were misstated in its accounting records as detailed in the table below. Adjustments were proposed, accepted by management, and made to the Township's accounting records and financial statements presented in this report.

Fund	Over (Under) Statement		Totals
	December 31, 2020	December 31, 2022	
TOWNSHIP FUND	\$ 66,257	\$ -	\$ 66,257
EMERGENCY MEDICAL SERVICES	(32,882)	-	(32,882)
PARKS AND RECREATION	(3,934)	-	(3,934)
TOWNSHIP ASSISTANCE	163	79,492	79,655
FIREFIGHTING	(8,489)	-	(8,489)
CUMULATIVE FIRE	(21,116)	(79,492)	(100,608)

PLAIN TOWNSHIP, KOSCIUSKO COUNTY  
COMMENTS  
(Continued)

*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)

**COMPENSATION AND BENEFITS**

*Condition and Context*

Due to the lack of internal controls, the Township could not provide documentation that it adopted a salary ordinance, resolution, or salary schedule for any year of the engagement period. Township Officials indicated that the 2018 Salary Ordinance was in effect for all years of the engagement period. Additionally, salaries paid to Township personnel during the engagement period did not exceed the salaries set in its 2018 Salary Ordinance. However, the Township Board minutes, nor any other documentation, indicated that the Township's 2018 Salary Ordinance was still in effect during the engagement period.

*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. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

**CAPITAL ASSETS**

*Condition and Context*

Due to the lack of internal controls, the Township did not maintain a complete detailed listing of all capital assets owned which reflects their acquisition value. The Township provided a capital asset list from its insurance company reflecting replacement costs for each asset rather than the acquisition value. On its Annual Financial Report for December 31, 2022, total assets of \$2,981,637 were reported on the Township's Schedule of Capital Assets.

*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 detailed 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 Cities and Towns, Chapter 1)

PLAIN TOWNSHIP, KOSCIUSKO COUNTY  
COMMENTS  
(Continued)

**TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township could not provide documentation that employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township during the engagement period, had received training over internal control standards developed or approved by the Indiana State Board of Accounts.

Due to a lack of internal controls, the Township certified on the Indiana Gateway for Government Units financial reporting system that appropriate personnel were trained on the internal control standards. However, evidence was not provided that appropriate Township personnel received internal control training.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

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

PLAIN TOWNSHIP, KOSCIUSKO 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			Cash and Investments			Cash and Investments
	01-01-19	Receipts	Disbursements	12-31-19	Receipts	Disbursements	
TOWNSHIP FUND	\$ 276,633	\$ 125,601	\$ 99,306	\$ 302,928	\$ 70,453	\$ 109,340	\$ 264,041
EMERGENCY MEDICAL SERVICES	157,530	25,552	7,452	175,630	187,183	114,756	248,057
PARKS AND RECREATION	608	3,457	3,000	1,065	11,169	2,000	10,234
TOWNSHIP ASSISTANCE	228,137	21,433	11,060	238,510	-	7,556	230,954
FIREFIGHTING	244,864	43,397	51,557	236,704	112,762	54,366	295,100
RAINY DAY	40,874	-	3,221	37,653	-	280	37,373
EXCESS LEVY	-	46,043	-	46,043	-	-	46,043
CUMULATIVE FIRE	429,445	77,764	21,828	485,381	73,317	65,000	493,698
PAYROLL DEDUCTIONS	-	3,887	2,814	1,073	5,465	6,806	(268)
Totals	<u>\$ 1,378,091</u>	<u>\$ 347,134</u>	<u>\$ 200,238</u>	<u>\$ 1,524,987</u>	<u>\$ 460,349</u>	<u>\$ 360,104</u>	<u>\$ 1,625,232</u>

PLAIN TOWNSHIP, KOSCIUSKO 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 FUND	\$ 264,043	\$ 113,808	\$ 118,794	\$ 259,057	\$ 91,661	\$ 91,486	\$ 259,232
EMERGENCY MEDICAL SERVICES	248,055	193,247	120,975	320,327	160,332	94,479	386,180
PARKS AND RECREATION	10,234	11,266	3,000	18,500	5,328	2,000	21,828
TOWNSHIP ASSISTANCE	230,954	-	5,665	225,289	495	10,254	215,530
FIREFIGHTING	295,100	127,191	51,054	371,237	137,706	74,780	434,163
RAINY DAY	37,372	-	2,900	34,472	150	-	34,622
EXCESS LEVY	46,043	-	46,043	-	-	-	-
CUMULATIVE FIRE	493,697	75,873	59,047	510,523	79,512	64,865	525,170
PAYROLL DEDUCTIONS	-	5,121	5,121	-	4,809	4,809	-
Totals	<u>\$ 1,625,498</u>	<u>\$ 526,506</u>	<u>\$ 412,599</u>	<u>\$ 1,739,405</u>	<u>\$ 479,993</u>	<u>\$ 342,673</u>	<u>\$ 1,876,725</u>