

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

COMPLIANCE REPORT  
OF  
PRAIRIE CREEK TOWNSHIP  
VIGO COUNTY, INDIANA  
January 1, 2014 to December 31, 2017



**FILED**  
02/08/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jeff Kackley Irene Yarborough	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Alan Hodges Donn Yarborough	01-01-14 to 12-31-14 01-01-15 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PRAIRIE CREEK TOWNSHIP, VIGO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Prairie Creek Township (Township), Vigo County, for the period of January 1, 2014 to December 31, 2017, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Schedule of Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, is presented as other information. It has not been subjected to any auditing procedures and, accordingly, we do not express an opinion or provide any assurance on it.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

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

December 20, 2018

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#### OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units (Gateway) website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the Township's Annual Financial Reports information and has not been subjected to any audit procedures. No adjustments have been made to the information as reported in Gateway and, as such, balances may differ.

PRAIRIE CREEK TOWNSHIP, VIGO COUNTY  
 SCHEDULE OF CASH AND INVESTMENT  
 BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

Fund	Cash and Investments 12-31-17
Township	\$ 19,165
Recreation	1,798
Township Assistance	12,168
Rainy Day	620
Community Building	<u>14,257</u>
Total	<u>\$ 48,008</u>

PRAIRIE CREEK TOWNSHIP, VIGO COUNTY  
RESULTS AND COMMENTS

**CARE OF CEMETERIES**

The former Trustee made cemetery care payments totaling \$18,165 on behalf of the Prairie Creek Westlawn, First Prairie Creek Baptist, and Watson Cemeteries from February 17, 2011 to November 3, 2014; however, the cemeteries were not abandoned, and were maintained by a cemetery association or private owner with funds to properly care for the cemeteries. Additionally, the former Trustee did not assess the available assets of the cemeteries before assuming maintenance obligations; as such, any assets available to these cemeteries should be used to reimburse the Township for the services rendered.

Indiana Code 23-14-68-1 states:

"(a) This chapter applies to each cemetery that:

- (1) is without funds for maintenance;
- (2) was in existence on February 28, 1939; and
- (3) is operated by a nonprofit organization or is not managed by any viable organization.

(b) This chapter does not apply to a cemetery located on land on which property taxes are assessed and paid under [IC 6-1.1-4](#)."

Indiana Code 23-14-68-2 states:

"The trustee of each township shall locate and maintain all the cemeteries described in section 1(a) of this chapter that are within the township. However, a cemetery association claiming assistance under this chapter shall furnish a verified statement of assets and liabilities to the township trustee."

**EXCESSIVE OR UNREASONABLE COSTS**

On July 2, 2009, the Prairie Creek Volunteer and Prairieton Volunteer Fire Departments merged, and three Prairie Creek Volunteer Fire Department assets were transferred to the new department. All expenses were paid by the newly merged department, including the insurance premiums on the transferred assets; however, the former Trustee continued to pay the insurance premiums totaling \$1,149 from 2011 through 2013 for the three assets that were transferred to the new department.

The former Trustee may be requested to reimburse the Township for insurance premiums paid if documentation is not provided within 60 days to the Indiana State Board of Accounts showing that insurance coverage payments were reimbursed, or from the Prairieton Volunteer Fire Department showing that they did not receive benefits from insurance paid for by the Township.

Every effort should be made by the unit to avoid unreasonable or excessive costs. Unreasonable or excessive costs may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**PENALTIES, INTEREST, AND OTHER CHARGES**

A similar comment also appeared in prior Reports B36967 and B44082.

PRAIRIE CREEK TOWNSHIP, VIGO COUNTY  
RESULTS AND COMMENTS  
(Continued)

The Township did not have proper controls in place to ensure that payments to the Internal Revenue Service (IRS) were remitted timely. As a result, penalties and interest totaling \$546 were paid to the IRS due to the late remittance of payroll withholding payments covering the taxing periods ending June 30, 2014, and December 31, 2014. The former Trustee did not remit Forms 941 or remit payroll withholdings to the IRS for 2014.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

***ADOPTION OF INTERNAL CONTROL STANDARDS***

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

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."

***TRAINING ON INTERNAL CONTROL STANDARDS***

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

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 Township certified on Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, the Trustee indicated that the Township had not adopted the minimum internal control standards and that all personnel had not received training concerning the internal control standards.

PRAIRIE CREEK TOWNSHIP, VIGO COUNTY  
RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-1-27(h) states:

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

PRAIRIE CREEK TOWNSHIP, VIGO COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2018, with Irene Yarborough, Trustee.