




# Fire Protection Contracts

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## Contact Information

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## Ind. Code § 36-8-13-2



- “If a majority of the owners of taxable real property residing within . . . a township located outside the corporate boundaries of a municipality petition the township executive and legislative body to provide fire protection . . . , the executive and legislative body shall . . . provide for fire protection.”



## IC 36-8-13-3

The executive of a township, with the approval of the legislative body, may:

- (1) Purchase equipment, provide service, and employ personnel.
- (2) Contract with a municipality that maintains equipment and provides service
- (3) Cooperate with a municipality in the purchase, maintenance, and upkeep of equipment.
- (4) Contract with a volunteer fire department for the use and operation of township equipment.
- (5) Contract with a volunteer fire department that maintains adequate service.



## Options (Examples)

- Wayne Township (Wayne County) provides fire protection via contract with the City of Richmond to all residents in unincorporated areas of Wayne Township.
- Bloomington Township (Monroe County) operates the Bloomington Township Department of Fire and Emergency Services with full-time and volunteer firefighters. The township also contractually provides fire and emergency services to Washington and Benton Townships.
- Huntington Township (Huntington County) officials voted unanimously on January 10, 2014, to end their contract with the city of Huntington for fire protection in rural areas of Huntington Township, and now contracts with four volunteer fire departments within Huntington County.



## Options (Examples)



- Bloomfield Township (LaGrange County) contracts with the town of LaGrange to provide fire protection services for township residents. In turn, the town of LaGrange contracts with the LaGrange Volunteer Fire Department to maintain and staff the fire equipment. Residents who require the services of the fire department will be billed for this service, based upon resources used (equipment and personnel) and a fee schedule approved by the State Fire Marshall's Office.
- Center Township (LaPorte County) contracts with the Center Township Volunteer Fire Department, Inc.
- Delaware Township (Hamilton County) contracts with the Town of Fishers for its fire protection and emergency medical services.

**CENTER TOWNSHIP, LA PORTE COUNTY, INDIANA  
FIRE PROTECTION AGREEMENT**

This Center Township Fire Protection agreement (this "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between Center Township of La Porte County, Indiana ("Township") and the Center Township Volunteer Fire Department Inc. of LaPorte, ("Department").

**RECITALS**

**WHEREAS**, the Department is a duly organized not-for-profit corporation of the State of Indiana organized for the protection and preservation of life and property from fire and,

**WHEREAS**, the Township desires to secure fire extinguishment services and certain emergency rescue services for the unincorporated areas of the Township, and

**WHEREAS**, the Township owns all pieces of fire fighting apparatus and all loose equipment and facilities, and

**WHEREAS**, all funds, donations and grants obtained by the Department shall be used solely to provide support and continuing programs and functions for the Center Township Volunteer Fire Department of La Porte County, and

**WHEREAS**, all equipment purchased using department funds shall become the property of the Township, and

**WHEREAS**, the Department has agreed to provide fire protection service and certain emergency rescue services for the unincorporated areas of the Township subject to the conditions set forth herein;

**ARTICLE I**

**SERVICES TO BE PROVIDED**

1.1 Fire and Other Emergency Responses. The Department will provide sufficient personnel and utilize Township Equipment in extinguishing fires and in responding to certain rescue emergencies on a 24 hour per day basis, seven days a week. The Township acknowledges that the Department has entered into a Mutual Aid Agreement with other fire departments in the area to assist in emergencies; however, this Mutual Aid Agreement will not take the place of this Agreement. A copy of the Mutual Aid Agreement will be attached as Exhibit A.

1.2 The Department agrees to cooperate with the Township to provide sufficient personnel for the Township's fire extinguishment needs and emergency rescue services;

**AGREEMENT BETWEEN  
THE TOWN OF FISHERS AND DELAWARE TOWNSHIP  
HAMILTON COUNTY, INDIANA FOR EMS AND FIRE PROTECTION  
SERVICES**

This agreement ("Agreement"), is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the Town of Fishers (hereinafter referred to as "Fishers"), and Delaware Township, Hamilton County, Indiana (hereinafter referred to as "Delaware").

**WITNESSETH:**

**WHEREAS**, Delaware desires to avail itself of the fire protection and emergency medical service (EMS) offered and provided by Fishers and to compensate Fishers for such services; and,

**WHEREAS**, Fishers is desirous of providing such services and to be fairly compensated therefore.

**NOW, THEREFORE**, it is mutually agreed and undertaken by and between the parties as follows:

1. Fishers agrees to furnish to Delaware fire protection and emergency medical service for a period beginning January 1, 2014, and continuing through December 31, 2014, unless sooner terminated by either party as provided hereafter. Fishers agrees to continue such services until Delaware has retained alternative fire protection and emergency medical service in accordance with Paragraph 19.
2. Fishers shall answer all calls to extinguish fires and for emergency medical services occurring within the service area of Delaware; meaning the portion of Delaware Township of Hamilton County that is not a part of the Town of Fishers or the City of Noblesville, with the necessary personnel and equipment consistent with firefighting and EMS practices and procedures provided within the municipal boundaries of Fishers.
3. Fishers agrees to provide the above services on a twenty-four (24) hour a day, seven (7) day a week basis for the term of this Agreement.
4. Delaware agrees to compensate Fishers based upon a ratio of certified assessed value of that portion of Delaware Township covered by Fishers Fire Department outside Fishers' municipal boundary compared to the total certified assessed value for Delaware Township, Fishers, and that portion of Delaware Township covered by Fishers Fire Department. For 2014, that percentage is limited to a maximum of 1.78% of the current Fishers Fire/EMS Budget of \$17,679,789.00 resulting in a total amount of \$314,480.42. The lease payments for fire stations #91, #92, #93, #94, #95 and #96 are not included. There was no unexpended credit from 2013 budget; however there is a \$55,000 credit from last year's payments and the resulting total due for Delaware is \$259,480.42.



## SAMPLE FIRE CONTRACT

This contract is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“Anniversary Date”) between the City of \_\_\_\_\_, \_\_\_\_\_ County, Minnesota, [address], a public corporation (“City”), and \_\_\_\_\_ Township, \_\_\_\_\_ County, Minnesota, [address], a public corporation (“Town”).

In consideration of the mutual promises and agreements hereinafter set forth the parties do hereby agree as follows:

1. **Fire Service.** Town agrees to purchase from City, and City agrees to provide Town, the following fire services:

*(Check all those that apply)*

- |                                                            |                                                       |
|------------------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Structural Firefighting           | <input type="checkbox"/> Emergency Medical Services   |
| <input type="checkbox"/> External Structural Firefighting  | <input type="checkbox"/> Fire Scenes                  |
| <input type="checkbox"/> Interior Structural Firefighting  | <input type="checkbox"/> Rescue Scenes                |
| <input type="checkbox"/> Grass/Forest Firefighting         | <input type="checkbox"/> General Medicals             |
| <input type="checkbox"/> General Firefighting              | Level of Emergency Medical Response                   |
| <input type="checkbox"/> Vehicles & Equipment              | <input type="checkbox"/> First Responder              |
| <input type="checkbox"/> Carbon Monoxide Calls             | <input type="checkbox"/> Emergency Medical Technician |
| <input type="checkbox"/> Other Non-Structural Firefighting | <input type="checkbox"/> Paramedic                    |
| <input type="checkbox"/> Rescue                            | <input type="checkbox"/> Fire Code Enforcement        |
| <input type="checkbox"/> Vehicle & Equipment Extrication   | <input type="checkbox"/> Hazardous Materials Response |
| <input type="checkbox"/> General Search & Rescue           | Level of Hazardous Materials Response                 |
| <input type="checkbox"/> Confined Space Rescue             | <input type="checkbox"/> First Responder, Awareness   |
| <input type="checkbox"/> High Level Rescue                 | <input type="checkbox"/> First Responder, Operations  |
| <input type="checkbox"/> Water Rescue                      | <input type="checkbox"/> HAZMAT Technician            |
| <input type="checkbox"/> Diving/Recovery                   | <input type="checkbox"/> HAZMAT Specialist            |
|                                                            | <input type="checkbox"/> Disaster Response            |
|                                                            | <input type="checkbox"/> _____                        |

The services indicated above are further explained, or limited, as follows:

- a. **Allocation of Resources.** The parties understand the fire department officer in charge of the particular scene shall exercise judgment to determine, in consideration of all the established policies, guidelines, procedures, and practices, how best to allocate the available resources of the fire department under the circumstances of a given situation. Failure to provide fire services because of poor weather conditions or other conditions beyond the control of City shall not be deemed a breach of this contract.
  - b. **No Guarantee.** The parties understand and agree City will endeavor to provide the services indicated above to the best of its ability given the circumstances, but City makes no guarantees that the services it actually provides in a given situation will meet any particular criteria or standard.
2. **Payment.** Town agrees to pay City annually during the term of this contract the Payment Amount determined annually according to the following formula:

The following percentages relate specifically to Town in relation to the entire territory to which City provides fire services as the primary service provider (e.g., the entire City, Town’s Service Territory, and all or any portions of other cities, towns, or unorganized territories included in the City’s primary service area).

## Common Contract Provisions



- Definition of service area/territory
- Scope of service
  - What services provided?
  - Days and hours of service?
  - Adequately trained personnel?
- Terms
  - Beginning and end dates?
  - Contracts beyond a year?
- Who maintains control of information (i.e. number of runs)
- Compensation amount



## Common Contract Provisions (Continued)



- Vehicle and clothing allowance
  - For Volunteer Fire Departments (VFD), the township pays unless the contract says otherwise.
  - “Shall pay” \$100 clothing and \$100 automobile allowance per year.
    - **If the firefighters do not want to accept this** – Have them sign something saying they are refusing these allowances. **Keep for audit.**
- Specific insurance provisions for VFDs - IC 36-8-12
  - **Shall pay** out of the Township fund \$X premium for medical, accidental injury, smoke inhalation, cardiac disease, disability, and death coverage
  - Such premium payment includes all of the unit’s liability for volunteer firefighters’ medical treatment, accident, injury, or death.

## Insurance

- A township having a regularly organized fire department employing full-time firefighters **may provide insurance** for loss of life, dismemberment, or supplemental income protection due to injury during the course of employment.
- A township **must pay for the care of full-time, paid firefighters** who suffers injury or illness during the performance of the firefighter's duties. This includes medical and surgical care; medicines and laboratory; x-ray, diagnostic, and therapeutic service; and hospital and special nursing care.



## Firefighters – Employees?



- **Township Firefighters would be considered employees.**
  - Payroll taxes withheld (Federal Income and FICA).
- Payments made to Volunteer Firefighters –
  - **Accountable Plan – 1099 issued** - if receives “clothing allowance”, need to have documentation that they purchased clothes equal to or exceeding the allowance
  - **Non-Accountable Plan – withhold taxes, W2 issued** - if a firefighter receives a “clothing allowance”, and no documentation kept

# Required IRS forms for Vendor Payments



- **Form W-9 Request for Taxpayer Identification Number and Certification**
  - Required for reportable payments of \$600.
  - Payee certifies that they are not subject to backup withholdings (24%).
  - Provides information needed to prepare Form 1099-Misc.
- **Form 1099 Miscellaneous Income**
  - Required for payments exceeding \$600 to sole proprietors and partnerships.
  - Common payments include rent (box 1) and services performed by nonemployees (box 7). All attorney fees.
  - Provide to vendor and the IRS by January 31<sup>st</sup>.
- **Form 945 Annual Return of Withheld Federal Income Tax**
  - Required for reporting and making payments of backup withholding.

## When Things Go Wrong



- Liability limited?
- Early termination clause?
- Indemnity clause?
- Who owns the Fire Equipment/Vehicles?

## Funding



- IC 36-8-13-4 states: “Each township shall annually establish a township firefighting fund which is to be used by the township for the payment of costs attributable to providing fire protection or emergency services...”
- IC 36-8-14-2 states: “The legislative body of a unit... may provide a cumulative building equipment fund...for the following purposes...”
  - Purchase, construction, renovation, addition to **buildings** or **land**
  - Purchase of **Equipment**
  - For use of **fire department** or **emergency medical services** provider.



## Funding (Continued)



- The executive **may accept donations** for the purpose of firefighting and other emergency services.
- The township **may impose a fee or service charge** upon the owner of property due to an alarm caused by improper installation or maintenance, or a drill or test in which the fire department was not previously notified.



## Purchasing Equipment



- IC 36-8-13-5 May purchase fire fighting equipment if
  - Sufficient **appropriation** is available
  - **Approval** of the legislative body,
  - Contract no more than **six years**
    - Unless the township has a total assessed value of \$60,000,000 or less and is purchasing the firefighting equipment with funding from the state or federal government, then fifteen years.
- The township **may also borrow** the necessary funds from a financial institution in Indiana.
  - Then the township shall appropriate and levy a tax each year sufficient to pay the obligation.

# Procurement



- Uniform Guidance

- <https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-18.pdf>

- Small purchase threshold

Federal \$ amount

less than \$10,000

- Requirement for Quotes

\$10,000 - \$250,000

- Requirement for Bid Process

over \$250,000

State \$ amount

less than \$50,000

\$50,000 - \$150,000

over \$150,000

- IC 5-22 – State Purchasing Requirements

- <https://www.in.gov/sboa/files/IASBO%20Purchasing%20presentation%204-18-17.pdf>

# Fire Protection Territories vs. Fire Districts



- Fire Protection Territories – IC 36-8-19
  - **Not a separate government unit** – Agreement with other units.
  - Requires township resolution, public hearings, and adequate notice.
  - **DLGF approval** – many turned down for failure to follow procedures:
    - Large amount of information required for resolution and notice, including financial analysis such as proposed levies and tax rates, uniformity, and estimated future impact on other units and taxes)
- Fire Protection Districts – IC 36-8-11
  - **Separate unit of government** - audited separately.
  - Established by: 1. County Legislative body or 2. Group of freeholders filing a petition
- SBOA Special Districts Directors
  - [SpecialDistricts@sboa.in.gov](mailto:SpecialDistricts@sboa.in.gov)

# Entity Annual Report (E-1)

## Welcome to the Indiana Gateway for Government Units

As an authorized user, you will have at least one application to use. Each of these applications enables a local unit to submit its required forms, reports or files to the appropriate state agency. Agencies currently include **Department of Local Government Finance**, **State Board of Accounts**, **Indiana Education Employment Relations Board** and **Indiana Gaming Commission**.

### Select Application

| Department of Local Government Finance (DLGF)   | Deadline                | State Board of Accounts (SBOA)                        | Deadline                                               |
|-------------------------------------------------|-------------------------|-------------------------------------------------------|--------------------------------------------------------|
| Abstract                                        | <a href="#">Details</a> | 100R                                                  | Jan 31                                                 |
| Assessor Reports                                | Mar 31                  | <a href="#">Annual Financial Report</a>               | <a href="#">Details</a>                                |
| Budgets                                         | <a href="#">Details</a> | <a href="#">Monthly and Annual Engagement Uploads</a> | <a href="#">Details</a>                                |
| <a href="#">Data Entry for CNAV and Form 22</a> | <a href="#">Details</a> | <a href="#">Conflict of Interest Disclosure</a>       | 15 days after final action on the contract or purchase |
| Debt Management                                 | <a href="#">Details</a> | <a href="#">E-1 Entity Annual Report</a>              | 60 days after entity's fiscal year ends                |
| <a href="#">Economic Development Reporting</a>  | Sep 30                  |                                                       |                                                        |
| File Transmission                               | <a href="#">Details</a> |                                                       |                                                        |

## Procured Audit Services



- IC 5-11-1-4 requires annual financial reports from **entities**
- IC 5-11-1-9 defines “entities” and **requires audits** if the disbursement level of public funds **meet statutory thresholds**
- Thresholds requiring an audit: **\$200,000 of governmental funds** disbursed **AND 50% of entity’s total disbursements being government funds.**
- For-profit corporations
- Not-for-profit corporations
- Unincorporated:
  - Associations
  - Organizations
  - Individuals

## Procured Audit Services - Responsibilities



- IC 5-11-1-7 allows the State Examiner to authorize or designate an independent public accountant to perform the examination/audit that is the responsibility of the State Board of Accounts
- Currently Independent Public Accountants perform audits for the following:
  - Housing authorities
  - Military reuse authorities
  - Certain Quasi Agencies
  - Non-governmental **Entities**

# Fee for Service vs Financial Assistance



## Fee for Service

- Amount paid is predetermined **per unit of service** performed
- **Claims** for payment **submitted after service performed** with units of service provided documented
- Total **amount paid** in contract period **not subject to adjustment if actual cost of providing service is different** from agreed upon price

## Financial Assistance

- Claims for **payments are scheduled as to when provided** – monthly, quarterly, etc. or assistance is provided in advance potentially with additional reporting requirements
- Total **amount paid** in contract period **can vary** subject to any maximums stipulated or other funding mechanisms agreed upon



## Financial Assistance – Additional Characteristics



- Amount paid provides a service to the public on behalf of the Township
- Service provided often not easily measured
- Relationship between Township and entity more like a partnership or joint venture with shared purpose rather than vendor/vendee relationship
- Each party heavily dependent on the other for success and continuation of program or objective

Fee for Service vs Financial Assistance  
Why do I care?

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- ***What do I report in Gateway?***

***Only Financial Assistance!***

*Fee for service may be reported if you unsure about the classification. We can review and correct if needed.*

## Where to Report in Gateway?



- Navigate to <https://gateway.ifionline.org/>
- Annual Financial Report (AFR) menu
  - Financial Assistance to Non-Governmental Entities

# AFR Unit Questions

Please answer all of the questions below by clicking Yes or No as appropriate. Please make sure you answer the questions correctly as they will determine the information required for you to complete your annual report.

**1. Has your unit received or disbursed any Federal money from grants?**

The amount of Federal funding that is received or disbursed during the year affects the type of engagement that you are required to have performed by the State Board of Accounts as well as the format and content of the Financial Statements. Federal grants can come to you in different forms including: direct grants from Federal agencies; Amounts passed through from the State; Loan and Loan guarantee programs; Receipt of Donated property; Food commodities; Interest subsidies; Insurance; Endowments; and Program income. Click below for more information on grants. [Additional Information](#)

Yes No

**2. Did your unit disburse money for financial assistance to non-governmental entities?**

Examples include Volunteer Fire Departments, 4H, YMCA, Youth Leagues, Senior Citizen Centers, etc. Do not consider amounts you paid for goods or services in answering this question.

Yes No

**3. Does your unit have any Utilities or other Enterprises?**

Your Responsibility  
Provide the information below!



- 1) The Entity Annual Report (E-1) filing requirement established by IC 5-11-1-4 and the audit requirement established by IC 5-11-1-9;
- 2) The source(s) of the funding provided;
  - a) State funds (in the case of subsidies, contributions, or general aid),
  - b) Federal grants passed through a State Agency (including the formal name of the program and CFDA #)
  - c) Fee for service arrangements,

Your Responsibility  
Provide the information below!

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- 3) The State Board of Accounts may request documentation to support the categorization of the financial assistance,
- 4) The E-1 is not to be confused with the Secretary of State's Business Entity report, and
- 5) The entity may obtain additional information from the State Board of Accounts at [notforprofit@sboa.in.gov](mailto:notforprofit@sboa.in.gov)



# Questions?