

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

COMPLIANCE ENGAGEMENT REPORT

OF

HARRISON TOWNSHIP FIRE PROTECTION DISTRICT

HARRISON COUNTY, INDIANA

January 1, 2018 to December 31, 2022



**FILED**  
04/16/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	David Wiley Chris Tucker Josh Orme	01-01-18 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 12-31-24
Chair of the District Board	Shane Mason Matt Rothrock	01-01-18 to 12-31-18 01-01-19 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE HARRISON TOWNSHIP FIRE PROTECTION DISTRICT, HARRISON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Harrison Township Fire Protection District (District), for the period of January 1, 2018 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 District 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 District'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 Josh Orme, Fiscal Officer; Matt Rothrock, Chair of the District Board; Kevin Burch, Vice Chair of the District Board; Matt Kitterman, District Board member; Jon Saulman, Fire Chief; and Chris Scheider, Deputy Fire Chief, on April 9, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 22, 2024

HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
COMMENTS

**ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS**

*Condition and Context*

An internal control standards policy was not presented for audit. The District presented the Internal Control Training Certifications for the required officials and employees; however, most of the certifications were incomplete and did not include the name of the training and the amount of time spent.

*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**

*Condition and Context*

Internal controls were not in place to ensure the certification in the Indiana Gateway for Government Units (Gateway) financial reporting system was accurate. For each year of the engagement period, the District certified in Gateway that all required personnel had received the training over internal control standards; however, the documentation presented was incomplete and did not include the name of the training; therefore, we cannot determine if the personnel received the required training.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial report 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](#)."

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.

HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
COMMENTS  
(Continued)

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*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the District's financial statements. The District had not established effective internal controls, which resulted in the following errors:

*Financial Data*

- Special Cum Fire fund - Receipts were overstated by \$100,640 in 2021, which resulted in the cash and investment balance at December 31, 2021, and December 31, 2022, to be overstated by \$100,640.
- Special Fire General fund - Receipts were understated by \$102,529 and disbursements were overstated by \$1,770 in 2021. This caused the cash and investment balance to be understated by \$104,299 at December 31, 2021.
- Special Fire General fund - Disbursements were understated by \$1,770 in 2022. This combined with the understated cash and investment balance error in 2021 understated the cash and investment balance by \$102,529 at December 31, 2022.

No adjustments were made to the financial statements for the above noted errors or to the AFR in Gateway.

*Capital Assets*

The capital asset information entered into Gateway could not be verified since the District does not maintain a detailed listing of all capital assets. The District reported capital assets of \$6,003,382 at December 31, 2022.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial report 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](#)."

HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
COMMENTS  
(Continued)

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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## **CAPITAL ASSETS**

### *Condition and Context*

Internal controls were not in place to ensure capital assets records were maintained. The District had not adopted a capital assets policy that detailed the thresholds at which an item is considered a capital asset. In addition, the District did not maintain a complete detailed listing of capital assets. The District reported total capital assets in the Annual Financial Report in the amount of \$6,003,382.

### *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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HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
COMMENTS  
(Continued)

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 Special Districts, Chapter 1)

**BOARD MINUTES MISSING**

*Condition and Context*

Internal controls were not in place to ensure the minutes of the District Board meetings were maintained for 2019. The District Board minutes for 2019 were not presented for audit.

*Criteria*

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

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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HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
COMMENTS  
(Continued)

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**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1. The unit did not complete any monthly or annual uploads on the Indiana Gateway for Government Units financial reporting system for the audit period of January 2018 to December 31, 2022.

*Criteria*

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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:

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Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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

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HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
Special Cum Fire	\$ -	\$ 228,557	\$ -	\$ 228,557	\$ 539,845	\$ 361,276	\$ 407,126
Special Fire General	-	<u>760,285</u>	<u>267,239</u>	<u>493,046</u>	<u>996,065</u>	<u>675,425</u>	<u>813,686</u>
Totals	<u>\$ -</u>	<u>\$ 988,842</u>	<u>\$ 267,239</u>	<u>\$ 721,603</u>	<u>\$ 1,535,910</u>	<u>\$ 1,036,701</u>	<u>\$ 1,220,812</u>

HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Special Cum Fire	\$ 407,126	\$ 235,522	\$ 28,644	\$ 614,004	\$ 333,649	\$ 151,185	\$ 796,468
Special Fire General	<u>813,688</u>	<u>1,056,135</u>	<u>929,873</u>	<u>939,950</u>	<u>1,179,408</u>	<u>1,020,089</u>	<u>1,099,269</u>
Totals	<u>\$ 1,220,814</u>	<u>\$ 1,291,657</u>	<u>\$ 958,517</u>	<u>\$ 1,553,954</u>	<u>\$ 1,513,057</u>	<u>\$ 1,171,274</u>	<u>\$ 1,895,737</u>

HARRISON TOWNSHIP FIRE PROTECTION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2022

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22
Special Cum Fire	\$ 796,468	\$ 1,497,469	\$ 1,663,236	\$ 630,701
Special Fire General	<u>1,099,269</u>	<u>1,208,989</u>	<u>1,109,388</u>	<u>1,198,870</u>
Totals	<u>\$ 1,895,737</u>	<u>\$ 2,706,458</u>	<u>\$ 2,772,624</u>	<u>\$ 1,829,571</u>