

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

COMPLIANCE ENGAGEMENT REPORT

OF

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT

KNOX COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

10/23/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-7
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>
Fiscal Officer	Earl E. Ruppel	01-01-19 to 12-31-24
President of the District Board	Cary L. Keller	01-01-19 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 THE JOHNSON TOWNSHIP FIRE
PROTECTION DISTRICT, KNOX COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Johnson Township Fire Protection District (District), 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 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>.

An exit conference was held on September 30, 2024. Earl E. Ruppel, Fiscal Officer, was invited but did not attend the exit conference.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 22, 2024

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure the District complied with laws, regulations, and Guidelines over training on internal control standards, certification on internal control standards, record of hours worked, and capital assets as 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. . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

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

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."

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The District certified on the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the District; however, during the engagement, the District could not provide supporting documentation showing all personnel had received training concerning the internal control 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](#)."

RECORD OF HOURS WORKED

Condition and Context

Paid employees of the District did not use time sheets or otherwise keep time records during the engagement period supporting time worked.

Criteria

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The District had not adopted a capital assets policy that details the threshold at which an item is considered a capital asset despite reporting \$1,030,894 in total capital assets as of December 31, 2023, in the Schedule of Capital Assets reported in the Indiana Gateway for Government Units financial reporting system.

Criteria

Every unit must have a capital asset policy that details the threshold at which an item is considered a capital asset. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

(This page intentionally left blank.)

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

(This page intentionally left blank.)

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 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
Rainy Day	\$ 27,463	\$ -	\$ -	\$ 27,463	\$ -	\$ -	\$ 27,463
Levy Excess Fund	478	-	-	478	-	-	478
Fire Cumulative	32,453	30,965	2,767	60,651.00	29,098.00	2,149.00	87,600.00
Fire Debt Service	24,925	38,090	36,872	26,143	16,961	36,872	6,232
Fire General	196,810	208,552	217,060	188,302	203,561	178,924	212,939
Totals	<u>\$ 282,129</u>	<u>\$ 277,607</u>	<u>\$ 256,699</u>	<u>\$ 303,037</u>	<u>\$ 249,620</u>	<u>\$ 217,945</u>	<u>\$ 334,712</u>

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 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
Rainy Day	\$ 27,463	\$ -	\$ -	\$ 27,463	\$ -	\$ -	\$ 27,463
Levy Excess Fund	478	-	478	-	-	-	-
Fire Cumulative	87,601	19,176	20,950	85,827	40,391	-	126,218
Fire Debt Service	6,232	23,372	36,872	(7,268)	51,695	36,872	7,555
Fire General	212,939	156,761	178,159	191,541	296,400	185,555	302,386
Totals	\$ 334,713	\$ 199,309	\$ 236,459	\$ 297,563	\$ 388,486	\$ 222,427	\$ 463,622

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 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
Rainy Day	\$ 27,463	\$ -	\$ -	\$ 27,463
Fire Cumulative	126,218	34,414	-	160,632
Fire Debt Service	7,555	30,151	54,764	(17,058)
Fire General	<u>302,385</u>	<u>251,883</u>	<u>259,532</u>	<u>294,736</u>
Totals	<u>\$ 463,621</u>	<u>\$ 316,448</u>	<u>\$ 314,296</u>	<u>\$ 465,773</u>