

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

COMPLIANCE ENGAGEMENT REPORT

OF

SOUTH VIGO TOWNSHIP FIRE DISTRICT

KNOX COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**

07/10/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Donald Pieper Kelly Roth	01-01-19 to 12-31-21 01-01-22 to 12-31-23
Chair of the District Board	Mark Sargent James Mason	01-01-19 to 12-31-21 01-01-22 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTH VIGO TOWNSHIP FIRE 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 South Vigo Fire 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>.

The contents of this report were communicated to Kelly Roth, Treasurer, on July 8, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 4, 2024

SOUTH VIGO TOWNSHIP FIRE DISTRICT  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal controls were not in place to ensure the district complied with laws, regulations, and uniform compliance guidelines. Noncompliance was noted over adoption of, and certification on, internal control standards; bank account reconciliations; Board minutes missing; condition of records; monthly and annual uploads; payments without supporting documentation; and timely deposits occurred 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. . . ."

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

*Condition and Context*

The District Board did not adopt the minimum level of internal control standards as required by statute. The District certified on the Indiana Gateway for Government Units financial reporting system that it had completed the required internal control training and passed an internal control policy. While the District did complete the required training in 2022, the District had not adopted a policy.

*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."

SOUTH VIGO TOWNSHIP FIRE DISTRICT  
COMMENTS  
(Continued)

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](#)."

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The District did not complete monthly bank reconciliations for 2019, 2020, or 2021. For 2022 and 2023, the District performed monthly bank account reconcilements of the general checking account; however, the reconciliation did not include the investment account.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**BOARD MINUTES MISSING**

*Condition and Context*

The District Board minutes for 2019, 2020, and 2021 were not presented for review.

*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 of 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."

SOUTH VIGO TOWNSHIP FIRE DISTRICT  
COMMENTS  
(Continued)

**CONDITION OF RECORDS AND ANNUAL FINANCIAL REPORT**

*Condition and Context*

The financial records presented for review were incomplete and not reflective of the activity of the District. Due to errors in the financial records, the Annual Financial Reports (AFR) submitted through the Indiana Gateway for Government Units (Gateway) financial reporting system were also inaccurate. The following items were noted:

- The District did not maintain financial ledgers to account for the financial activity of the District or to support the amounts reported in the AFR during 2019-2021.
- There was no supporting documentation presented for review to support the District's collections or disbursements during 2019-2021.
- Monthly bank reconciliements were not performed during 2019-2021.
- The District did not maintain an investment register.

In order to verify financial activities of the District for 2019-2021, we obtained a vendor history report from the County Auditor and traced distributions to the District from the County to the bank to verify receipts. The District only processed one check each year during 2019-2021 for the annual contract payment in the amount of \$70,000 to the Fire Department. These, in addition to the bank charged service fees, were verified to the bank statement.

*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](#)."

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

SOUTH VIGO TOWNSHIP FIRE DISTRICT  
COMMENTS  
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, bank statements, outstanding check lists, approved District Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end investment statements, detail of receipt activity, detail of disbursement activity, current year salary ordinance and amendments, annual vendor history report, annual funds ledger, annual payroll history report, and court trust fund subsidiary detail.

The District did not comply with Amended State Examiner Directive 2018-1 and did not upload the monthly or annual files on the Indiana Gateway for Government Units financial reporting system as documented below:

The District did not upload the following monthly files as required:

- Monthly bank reconciliations during the engagement period which would have included a listing of outstanding checks as well as a copy of the bank statements.
- Approved District Board minutes for 2019, 2020, or 2021.
- Monthly funds ledgers for 2019, 2020, or 2021.

The District did not upload the following annual uploads as required:

- A detail of receipt or disbursement activity for the engagement period.
- A vendor history report for the engagement period.
- An annual investment statement for the engagement period.
- Four of five annual funds ledgers (2019, 2020, 2021, and 2022).

*Criteria*

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)

SOUTH VIGO TOWNSHIP FIRE DISTRICT  
COMMENTS  
(Continued)

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)

**PAYMENT WITHOUT SUPPORTING DOCUMENTATION**

A similar comment appeared in prior Report B54795, entitled *PAYMENTS WITHOUT SUPPORTING DOCUMENTATION*.

*Condition and Context*

The District paid \$70,000 in 2020 to the Fire Department without a contract. In addition, the District paid other contractual payments totaling \$109,000 throughout 2022. The District was unable to provide signed contracts or supporting documentation.

*Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**TIMELY DEPOSITS**

A similar comment appeared in prior Report B54795, entitled *DAILY DEPOSITS*.

*Condition and Context*

The bank transactions were compared to the County Auditor transaction history report to determine if all checks written to the District were deposited. The deposits were not completed timely in 2019, 2020, or 2021. The time between check date and deposit date ranged between 5 days and 539 days. There were not any accounting records presented for review for 2019, 2020, or 2021 and no receipts were written for the same calendar years.

SOUTH VIGO TOWNSHIP FIRE DISTRICT  
COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-13-6-1(a) states:

"All public funds paid into the treasury of the state or the treasuries of the respective political subdivisions shall be deposited not later than the business day following the receipt of funds on business days of the depository in one (1) or more depositories in the name of the state or political subdivision by the officer having control of the funds."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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

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SOUTH VIGO TOWNSHIP FIRE 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
District	\$ 550,141	\$ 156,545	\$ 70,180	\$ 636,506	\$ 123,234	\$ 70,090	\$ 689,650
Totals	<u>\$ 550,141</u>	<u>\$ 156,545</u>	<u>\$ 70,180</u>	<u>\$ 636,506</u>	<u>\$ 123,234</u>	<u>\$ 70,090</u>	<u>\$ 689,650</u>

SOUTH VIGO TOWNSHIP FIRE 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
District	\$ 689,650	\$ 33,209	\$ 70,080	\$ 652,779	\$ 118,527	\$ 178,071	\$ 593,235
Levy Excess	-	-	-	-	196	-	196
Totals	<u>\$ 689,650</u>	<u>\$ 33,209</u>	<u>\$ 70,080</u>	<u>\$ 652,779</u>	<u>\$ 118,723</u>	<u>\$ 178,071</u>	<u>\$ 593,431</u>

SOUTH VIGO TOWNSHIP FIRE 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
District	\$ 593,235	\$ 147,302	\$ 276,378	\$ 464,159
Levy Excess	<u>196</u>	<u>-</u>	<u>-</u>	<u>196</u>
Totals	<u>\$ 593,431</u>	<u>\$ 147,302</u>	<u>\$ 276,378</u>	<u>\$ 464,355</u>