

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

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

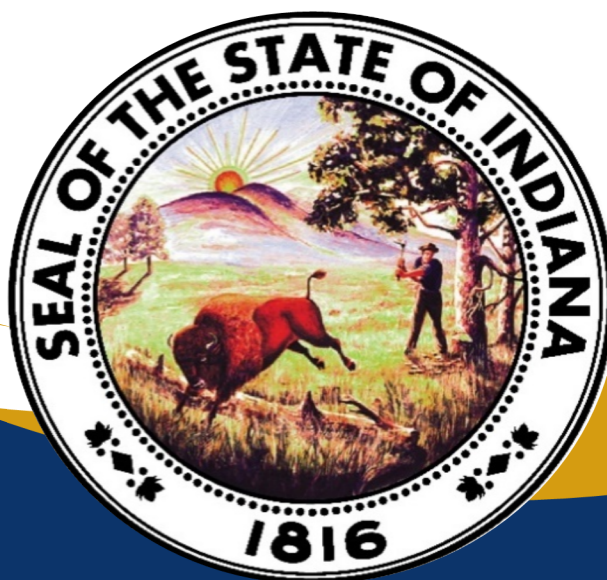
COMPLIANCE ENGAGEMENT REPORT

OF

PATOKA TOWNSHIP FIRE DISTRICT

PIKE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

12/30/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-6
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	8-9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Angela O'Neal	01-01-20 to 12-31-24
Chair of the District Board	James Schuessler	01-01-20 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE PATOKA TOWNSHIP FIRE DISTRICT, PIKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Patoka Township Fire District (District), for the period of January 1, 2020 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 Angela O'Neal, Fiscal Officer, and James Schuessler, Chair of the District Board, on December 11, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 5, 2024

PATOKA TOWNSHIP FIRE DISTRICT
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure compliance with requirements over the annual financial report, capital assets, and monthly and annual uploads, as discussed 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. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The capital asset information entered by the District was not supported by the documentation provided for review. The District reported total capital assets of \$185,000 in all four AFRs filed for the engagement period, but the total acquisition value of the District's assets per the supporting documentation was \$545,000 for each year.

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](#)."

PATOKA TOWNSHIP FIRE DISTRICT
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

There was no evidence that the District had adopted a capital asset policy that detailed the threshold at which an item is considered a capital asset or that the District conducted a complete physical inventory at least every two years as required.

The District maintained paperwork for individual capital assets but did not accumulate the information into a complete detailed listing of all capital assets owned that would allow for proper tracking of additions and deletions.

Criteria

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 detail 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)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The District did not comply with the State Examiner Directive 2018-1 (Directive) requiring uploads of monthly and annual files on the Indiana Gateway for Government Units financial reporting system throughout the engagement period. The District uploaded a monthly funds ledger for all 48 months during the engagement period. However, two of the uploads were duplicates of the funds ledger uploaded in the prior month. The District also was not timely in uploading the monthly files for 28 of the 48 months during the engagement period. The District maintained manual records and was therefore not required to upload many of the annual files stated in the Directive. The District was required to upload an annual funds ledger but did not do so for any year of the engagement period.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

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)

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

PATOKA TOWNSHIP FIRE 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
SP Special Fire General	\$ 291,798	\$ 162,430	\$ 148,728	\$ 305,500	\$ 164,783	\$ 272,006	\$ 198,277
Totals	<u>\$ 291,798</u>	<u>\$ 162,430</u>	<u>\$ 148,728</u>	<u>\$ 305,500</u>	<u>\$ 164,783</u>	<u>\$ 272,006</u>	<u>\$ 198,277</u>

PATOKA TOWNSHIP FIRE DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
SP Special Fire General	\$ 198,277	\$ 175,635	\$ 118,583	\$ 255,329	\$ 181,408	\$ 170,145	\$ 266,592
Totals	<u>\$ 198,277</u>	<u>\$ 175,635</u>	<u>\$ 118,583</u>	<u>\$ 255,329</u>	<u>\$ 181,408</u>	<u>\$ 170,145</u>	<u>\$ 266,592</u>