

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

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

COMPLIANCE ENGAGEMENT REPORT
OF
JEFFERSON-MARION TOWNSHIP FIRE DISTRICT
PIKE COUNTY, INDIANA
January 1, 2020 to December 31, 2023



FILED
12/31/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Robin Whaley	01-01-20 to 12-31-24
President of the District Board	Brian Mounts	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 JEFFERSON-MARION 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 Jefferson-Marion 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 Robin Whaley, Fiscal Officer; Todd Dawson, District Board member; and Scott Fulcher, District Board member, on December 16, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 11, 2024

JEFFERSON-MARION TOWNSHIP FIRE DISTRICT
COMMENTS

INTERNAL CONTROLS OVER COMPLIANCE

Condition and Context

Internal controls were not in place to ensure that the District complied with laws, regulations, and uniform compliance guidelines. Deficiencies in the District's system of internal control resulted in the noncompliance over the prescribed forms, Annual Financial Report, contracts, and advance payments, 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. . . ."

PRESCRIBED FORMS

Conditions and Context

Internal controls were not in place to ensure the District utilized the required prescribed forms. The District maintained a ledger but did not utilize the prescribed General Ledger Sheet General Form Number 315 or an approved equivalent. The District also did not utilize the prescribed Receipt General Form Number 352 or the prescribed Payroll Schedule and Voucher General Form Number 99 or approved equivalents.

Criteria

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)

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. Internal controls were not in place to ensure the District's AFRs were submitted accurately.

JEFFERSON-MARION TOWNSHIP FIRE DISTRICT
COMMENTS
(Continued)

The District understated receipts in the GAB NEW FIREHOUSE fund by \$36,027 in 2020. The District did not report any receipt or disbursement amounts in its 2021 and 2023 AFRs, thereby understating total receipts by \$234,529 and \$277,777 in 2021 and 2023, respectively, and understating total disbursements by \$275,454 and \$261,566 in 2021 and 2023, respectively. Adjustments were proposed, accepted by the District, and made to the District's 2021 and 2023 AFRs and to the financial statements presented in this report.

Additionally, the accounts payable/receivable and debt information entered by the District into the AFRs for the engagement period contained the following errors:

Accounts Payable/Receivable

The District reported total General Fund disbursements for each year as accounts payable at year end. The District reported total General Fund receipts for each year as accounts receivable at year end. The District did not maintain supporting documentation to determine what the true payables and receivables should have been.

Debt

The amounts reported by the District as principal reductions each year did not agree to the amortization schedule. The District also reported principal additions in 2022 and 2023 when the District did not enter into any new debt arrangements either year. As a result, the ending principal balance reported each year was incorrect. Additionally, the principal due in one year, reported in the 2020 AFR, did not agree to the amortization schedule. The District incorrectly reported that no principal was due in one year in its 2021, 2022, and 2023 AFRs.

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 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](#)."

CONTRACTS

Conditions and Context

Internal controls were not in place to ensure compliance over contractual services. The District contracted with the Jefferson-Marion Township Fire Department to provide fire protection services for all years of the engagement period. The District did not provide a written contract for review to support the contractual payment for any year of the engagement period.

Criteria

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)

JEFFERSON-MARION TOWNSHIP FIRE DISTRICT
COMMENTS
(Continued)

ADVANCE PAYMENTS

Conditions and Context

Internal controls were not in place to ensure compliance with requirements related to advance payments. The District paid the Fiscal Officer the full salary for the position in one lump-sum payment in early to mid-December all four years of the engagement period. Accordingly, the Fiscal Officer was compensated prior to performing services for the remainder of the month which constituted an advance payment of compensation each year.

Criteria

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)



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

JEFFERSON-MARION 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
General Fund	\$ 235,923	\$ 151,011	\$ 158,497	\$ 228,437	\$ 179,542	\$ 164,076	\$ 243,903
GAB NEW FIREHOUSE	<u>146</u>	<u>118,808</u>	<u>55,670</u>	<u>63,284</u>	<u>54,987</u>	<u>111,378</u>	<u>6,893</u>
Totals	<u>\$ 236,069</u>	<u>\$ 269,819</u>	<u>\$ 214,167</u>	<u>\$ 291,721</u>	<u>\$ 234,529</u>	<u>\$ 275,454</u>	<u>\$ 250,796</u>

JEFFERSON-MARION 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
General Fund	\$ 243,903	\$ 155,929	\$ 135,374	\$ 264,458	\$ 186,016	\$ 170,896	\$ 279,578
GAB NEW FIREHOUSE	<u>6,893</u>	<u>54,777</u>	<u>55,670</u>	<u>6,000</u>	<u>91,761</u>	<u>90,670</u>	<u>7,091</u>
Totals	<u>\$ 250,796</u>	<u>\$ 210,706</u>	<u>\$ 191,044</u>	<u>\$ 270,458</u>	<u>\$ 277,777</u>	<u>\$ 261,566</u>	<u>\$ 286,669</u>