

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

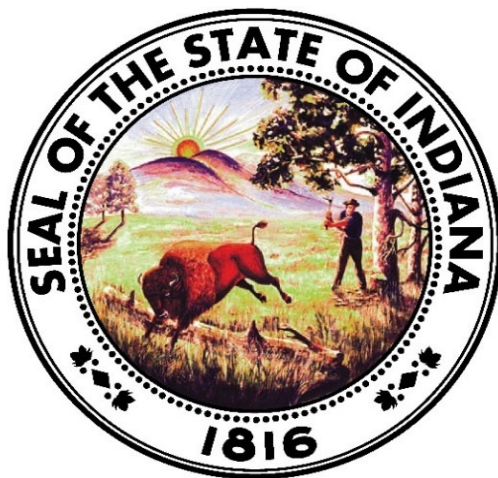
COMPLIANCE ENGAGEMENT REPORT

OF

WADESVILLE-CENTER TOWNSHIP FIRE PROTECTION DISTRICT

POSEY COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

06/03/2024

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.....	10-11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Greg Newman (Vacant) Jacob Newman	01-01-20 to 12-23-22 12-24-22 to 12-31-22 01-01-23 to 12-31-24
President of the District Board	Alex Smith	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WADESVILLE-CENTER TOWNSHIP
FIRE PROTECTION DISTRICT, POSEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Wadesville-Center Township Fire Protection 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 Greg Newman, former Treasurer, and Jacob Newman, Treasurer, on May 23, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 23, 2024

WADESVILLE-CENTER TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies and a lack of proper segregation of duties resulted in noncompliance over the *Board Meetings and Reorganization, Compensation and Benefits, Certification on Internal Control Standards, and Training on Internal Control Standards* 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. . . ."

BOARD MEETINGS AND REORGANIZATION

Condition and Context

Due to the lack of internal controls, the District Board did not hold the required number of meetings and only met in August 2020, January 2021, March 2022, and December 2022 during the engagement period. Additionally, there was no evidence that the District Board organized as required in 2021, 2022, or 2023.

Criteria

Indiana Code 36-8-11-13(a) states: "The board shall fix the time for holding regular meetings, but it shall meet at least once in the months of January, April, July, and October. The county legislative body may order that regular meetings be held more frequently."

Indiana Code 36-8-11-14(a) states: "At the first regular meeting each year, the trustees of the board shall elect a chair and vice chair from their number. The vice chair shall act as chair during the absence or disability of the chair."

WADESVILLE-CENTER TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

COMPENSATION AND BENEFITS

Condition and Context

Due to the lack of internal controls, the District did not comply with laws and regulations related to compensation and benefits. Employees of the District were paid throughout the engagement period without the District withholding the appropriate taxes or filing the required Forms W-2. Additionally, the District Board did not adopt a salary ordinance, resolution, or salary schedule setting the rates of pay for any year of the engagement period.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55804.

Condition and Context

Due to the lack of internal controls, the District incorrectly certified on the Indiana Gateway for Government Units financial reporting system for 2023, that personnel defined by Indiana Code 5-11-1-27(c) received training concerning the internal control standards adopted by the District. However, a new Treasurer started in January 2023 and did not receive the required training.

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](#)."

TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55804, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS*.

WADESVILLE-CENTER TOWNSHIP FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

Condition and Context

The new Treasurer, who assumed the position in January 2023 and whose duties as the fiscal officer for the District included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the District, did not receive training over internal control standards that was developed and approved by the Indiana State Board of Accounts.

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."

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

WADESVILLE-CENTER 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
General Fund	\$ 129,447	\$ 78,779	\$ 73,758	\$ 134,468	\$ 59,414	\$ 75,279	\$ 118,603
Rainy Day Fund	1,920	-	-	1,920	-	-	1,920
Levy Excess Fund	895	-	-	895	-	895	-
Totals	<u>\$ 132,262</u>	<u>\$ 78,779</u>	<u>\$ 73,758</u>	<u>\$ 137,283</u>	<u>\$ 59,414</u>	<u>\$ 76,174</u>	<u>\$ 120,523</u>

WADESVILLE-CENTER TOWNSHIP FIRE PROTECTION 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	\$ 118,603	\$ 117,835	\$ 78,283	\$ 158,155	\$ 91,358	\$ 81,387	\$ 168,126
Rainy Day Fund	<u>1,920</u>	<u>-</u>	<u>-</u>	<u>1,920</u>	<u>-</u>	<u>-</u>	<u>1,920</u>
Totals	<u>\$ 120,523</u>	<u>\$ 117,835</u>	<u>\$ 78,283</u>	<u>\$ 160,075</u>	<u>\$ 91,358</u>	<u>\$ 81,387</u>	<u>\$ 170,046</u>