

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

COMPLIANCE REPORT
OF
BROWNSTOWN FIRE PROTECTION DISTRICT
JACKSON COUNTY, INDIANA
January 1, 2011 to December 31, 2015



FILED
09/29/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Results and Comments:	
Excess Compensation Paid to Board of Trustees.....	4
Optical Image of Checks	4
Annual Financial Report	4-5
Appropriations.....	5
Salary Schedule.....	5
Official Bond/Insurance Coverage.....	6
Annual Financial Report Not Filed Timely	6
Certified Report of Compensation of Officers and Employees.....	6
Exit Conference.....	7
Official Response	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Thelma Greathouse William David Willey	01-01-11 to 08-07-11 08-08-11 to 12-31-16
President of the Board of Trustees	Tim Warren	01-01-11 to 12-31-16



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 BROWNSTOWN FIRE PROTECTION
DISTRICT, JACKSON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Brownstown Fire Protection District (District), for the period January 1, 2011 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

The District Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the District can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

December 20, 2016

BROWNSTOWN FIRE PROTECTION DISTRICT
RESULTS AND COMMENTS

EXCESS COMPENSATION PAID TO BOARD OF TRUSTEES

Each member of the Board of Trustees was paid at the rate of \$25 to \$45 per Board meeting attended during the years 2011, 2012, 2013, 2014, and 2015.

Indiana Code 36-8-11-14(c) states:

"Each trustee may receive not more than twenty dollars (\$20) a day for each day devoted to the work of the district. In addition, each trustee may be reimbursed for actual expenses, including traveling expense at a rate equivalent to that provided by statute for state employees. Claims for expense reimbursement must be accompanied by an itemized written statement and approved by a recorded motion of the board."

Indiana Code 36-8-11-14(c) states in part: "Each trustee may receive not more than twenty dollars (\$20) a day for each day devoted to the work of the district. . . ."

OPTICAL IMAGE OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

Indiana Code 5-15-5.1-10(a) states in part:

"Each . . . local government shall:

- (1) Make and preserve records containing adequate and proper documentation of . . . essential transactions of the . . . local government to protect the legal and financial rights of the government . . ."

Indiana Code 26-2-8-111(a) states:

"If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
 - (2) remains accessible for later reference. . . .
- (e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a). . . ."

ANNUAL FINANCAL REPORT

The Annual Financial Report (AFR) filed for 2011, 2012, 2013, 2014, and 2015 contained a number of errors and did not match the records of the District.

BROWNSTOWN FIRE PROTECTION DISTRICT
RESULTS AND COMMENTS
(Continued)

Years	Fund	Category	Amount per Gateway	Amount per Ledger	Difference
2011	General	Receipts	\$ 157,548.36	\$ 157,551.36	\$ (3.00)
2011	General	Disbursements	114,076.38	113,861.38	215.00
2011	General	Ending Balances	77,686.90	77,904.90	(218.00)
2012	General	Beginning Balance	77,686.90	77,904.90	(218.00)
2012	General	Disbursements	88,381.79	88,599.79	(218.00)
2013	General	Receipts	163,577.32	163,580.32	(3.00)
2013	General	Disbursements	125,408.59	125,411.59	(3.00)
2014	General	Receipts	173,119.96	173,122.96	(3.00)
2014	General	Disbursements	106,616.87	106,355.87	261.00
2014	General	Ending Balances	256,310.29	256,574.29	(264.00)
2015	General	Beginning Balance	256,310.29	256,574.29	(264.00)
2015	General	Receipts	181,658.54	181,397.54	261.00
2015	General	Disbursements	87,758.41	87,761.41	(3.00)

Adjustments to the AFR's were proposed and approved by the Commission.

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)

APPROPRIATIONS

The records presented for the Special Fire Cumulative Fund showed disbursements in excess of budgeted appropriations by \$21,289.12 in 2011.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SALARY SCHEDULE

The District Board did not adopt a salary schedule establishing the compensation of the Fiscal Officer for 2011, 2012, 2013, 2014, and 2015.

Indiana Code 36-8-11-15(a) states in part:

"The board . . . (3) shall appoint, fix the compensation, and prescribe the duties of a fiscal officer, secretarial staff, persons performing special and temporary services or providing legal counsel, and other personnel considered necessary for the proper functioning of the district . . ."

BROWNSTOWN FIRE PROTECTION DISTRICT
RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND/INSURANCE COVERAGE

The District Treasurer who is the Fiscal Officer of the District did not obtain an individual Surety Bond or insurance coverage for 2011, 2012, 2013, or 2014.

Indiana Code 36-8-11-15(a) states in part: ". . . (3) . . . a person appointed as fiscal officer must be bonded by good and sufficient sureties in an amount ordered by the county legislative body . . ."

ANNUAL FINANCIAL REPORT NOT FILED TIMELY

The Annual Financial Report for 2011 was not filed electronically until April 26, 2012, which was 56 days past the due date.

IC 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."

CERTIFIED REPORT OF COMPENSATION OF OFFICERS AND EMPLOYEES

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) for 2011 was not filed until March 16, 2012, which was 44 days past the due date.

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was incomplete. For 2011, 2012, 2013, 2014, and 2015, the District did not include the names, addresses, duties, and compensation of the Board members.

Indiana Code 5-11-13-1 states, in part:

"Every state, county, city, town township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

BROWNSTOWN FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2016, with William David Willey, Treasurer; Michael D. Kloppenburg, Board member; Barry Hall, Board member; Daniel J. Gallion, Board member; and Charles Conrad, former Board member.



Brownstown Township Fire Protection District
200 W. Walnut Street
Brownstown, IN 47220

02/01/2017

State Board of Accounts
302 West Washington Street
Room: E 418
Indianapolis, IN 46204-2765

RE: OFFICIAL RESPONSE

The Board Members of the Brownstown Township Fire Protection District requested to file an official response to the results and comments to the recent audit performed, encompassing the first five years of the District and Board's existence. We acknowledge the findings of your Field Examiner, Rick Ahlrich, and are in the process of changing and correcting our processes and business practices to conform and fall in line with the Indiana State Code and State Board of Accounts direction.

The Brownstown Townships only exception is the repayment of compensation made to Board Members over the first five year period. The Board was unaware of the Indiana Code 36-8-11-14 concerning limits of maximum \$20 per daily compensation for duty served. Our only official record of activity was our monthly board meetings. We did not document all business activity outside of the monthly meetings such as typing minutes, working on budgets, quoting various materials and equipment, issuing claim vouchers, paying invoices, contacting vendors for services, holding executive sessions, meeting with suppliers and testing services, and issues internal to the Brownstown Fire Department. We feel our time spent outside the monthly meetings would more than equal the additional compensation paid each year. We now know the compensation law and will heed to its direction.

Thank You for Your Consideration into Our Request for Exception.

A handwritten signature in blue ink that reads "William David Willey".

William David Willey

On Behalf of the Brownstown Township Fire Protection District Board