

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

FINANCIAL STATEMENTS REVIEW REPORT
OF
PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
VIGO COUNTY, INDIANA
January 1, 2017 to December 31, 2020



FILED
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TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis.....	6-7
Notes to Financial Statements.....	8-10
Review Results and Comments:	
Adoption of Internal Control Standards	11
Approved Depositories.....	11
Contracts	11
Compensation.....	12
Certification on Internal Control Standards	12
Incomplete 100R Report.....	12-13
Payroll Withholdings and Form W-2.....	13
Exit Conference.....	14

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeanne K. Liffick Winnie Jo Cochran Paul Fouts	01-01-17 to 12-31-18 01-01-19 to 12-31-20 01-01-21 to 12-31-22
President of the District Board	Mike Fleener (Vacant) Jeanne K. Liffick	01-01-17 to 12-31-21 01-01-22 to 05-03-22 05-04-22 to 12-31-22



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE PRAIRIETON/PRAIRIE CREEK FIRE
PROTECTION DISTRICT, VIGO COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Prairieton/Prairie Creek Fire Protection District (District), for the period of January 1, 2017 to December 31, 2020. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6); which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the District uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 18, 2022

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
General Fund	\$ 28,171	\$ 299,861	\$ 308,312	\$ 19,720	\$ 303,886	\$ 285,688	\$ 37,918
Rainy Day Fund	8,291	-	-	8,291	5	-	8,296
Cumulative fund	<u>16,365</u>	<u>34,614</u>	<u>41,500</u>	<u>9,479</u>	<u>33,175</u>	<u>30,000</u>	<u>12,654</u>
Totals	<u>\$ 52,827</u>	<u>\$ 334,475</u>	<u>\$ 349,812</u>	<u>\$ 37,490</u>	<u>\$ 337,066</u>	<u>\$ 315,688</u>	<u>\$ 58,868</u>

The notes to the financial statements are an integral part of this statement.

PRAIRIETON/PRAIRIE CRREK FIRE PROTECTION 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
General Fund	\$ 37,918	\$ 322,120	\$ 295,743	\$ 64,295	\$ 352,582	\$ 286,195	\$ 130,682
Rainy Day Fund	8,296	4	-	8,300	4	-	8,304
Cumulative fund	12,654	34,160	31,000	15,814	31,761	29,968	17,607
Totals	<u>\$ 58,868</u>	<u>\$ 356,284</u>	<u>\$ 326,743</u>	<u>\$ 88,409</u>	<u>\$ 384,347</u>	<u>\$ 316,163</u>	<u>\$ 156,593</u>

The notes to the financial statements are an integral part of this statement.

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under a governing board.

The accompanying financial statements present the financial information for the District.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: local income tax, federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units, and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3. *Property Taxes*

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the District is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. *Risk Management*

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
REVIEW RESULTS AND COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

The District did not adopt the minimum level of internal control standards as required by statute.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"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 . . ."

APPROVED DEPOSITORIES

Condition and Context

The District did not utilize an approved depository.

Criteria

Indiana Code 5-13-8-1 states:

"(a) A political subdivision may deposit public funds in a financial institution only if the financial institution:

- (1) is a depository eligible to receive state funds; and
- (2) has a principal office or branch that qualifies under section 9 of this chapter to receive public funds of the political subdivision.

(b) The state board of finance shall make available information concerning financial institutions eligible to receive state funds as may be requested by a local board of finance. A local board of finance may rely on certificates described in [IC 5-13-9.5-1\(d\)](#) in determining to deposit public funds or reinvest public funds in the financial institution."

CONTRACTS

The same comment also appeared in prior Report B49312.

Condition and Context

Contracts for fire protection for 2017, 2018, 2019, and 2020 were not presented for review.

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)

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
REVIEW RESULTS AND COMMENTS
(Continued)

COMPENSATION

The same comment appeared in a Management Letter addressed to the Officials of the District for the compliance period ending December 31, 2016.

Condition and Context

Members of the District Board were paid either \$250 or \$400 depending on their position. No documentation was presented to support the amounts each trustee was paid.

Criteria

Indiana Code 36-8-11-14(c) states in part: "Each trustee may receive not more than one hundred dollars (\$100) a day for each day devoted to the work of the district. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The District incorrectly certified in the Indiana Gateway for Government Units financial reporting system that required personnel had received training regarding internal controls.

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 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](#)."

INCOMPLETE 100R REPORT

This same comment appeared in a Management Letter addressed to the Officials of the District for the compliance period ending December 31, 2016.

Condition and Context

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) was incomplete for 2017, 2018, 2019, and 2020, and the report did not include the members of the District Board.

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
REVIEW RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

PAYROLL WITHHOLDINGS AND FORM W-2

This same comment appeared in a Management Letter addressed to the Officials of the District for the compliance period ending December 31, 2016.

Condition and Context

The members of the District Board were paid without withholding Social Security and Medicare taxes for 2017, 2018, 2019, and 2020.

Forms W-2 were not issued to members of the District Board for 2017, 2018, 2019, and 2020.

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)

PRAIRIETON/PRAIRIE CREEK FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on May 18, 2022, with Paul Fouts, Treasurer, and Jeanne K. Liffick, President of the District Board.