

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TRI-TOWNSHIP FIRE PROTECTION DISTRICT
CLARK COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
10/26/2006

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OFFICIALS

Office

Official

Term

Fiscal Officer

Darren Wilder
William R. Collier

01-01-03 to 04-11-04
04-12-04 to 12-31-06

President of the Board

Tim Conlen

01-01-03 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TRI-TOWNSHIP FIRE PROTECTION DISTRICT, CLARK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Tri-Township Fire Protection District (District), for the period of January 1, 2003 to December 31, 2005. The District's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 8, 2006

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 328,788	\$ 453,864	\$ 735,992	\$ 46,660
Cumulative Firefighting, Building and Equipment	<u>46,169</u>	<u>49,921</u>	<u>90,461</u>	<u>5,629</u>
Totals	<u>\$ 374,957</u>	<u>\$ 503,785</u>	<u>\$ 826,453</u>	<u>\$ 52,289</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 46,660	\$ 1,355,181	\$ 1,232,892	\$ 168,949
Cumulative Firefighting, Building and Equipment	<u>5,629</u>	<u>6,504</u>	<u>-</u>	<u>12,133</u>
Totals	<u>\$ 52,289</u>	<u>\$ 1,361,685</u>	<u>\$ 1,232,892</u>	<u>\$ 181,082</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 168,949	\$ 1,188,314	1,444,017	\$ (86,754)
Cumulative Firefighting, Building and Equipment	<u>12,133</u>	<u>201,880</u>	<u>65,000</u>	<u>149,013</u>
Totals	<u>\$ 181,082</u>	<u>\$ 1,390,194</u>	<u>\$ 1,509,017</u>	<u>\$ 62,259</u>

The accompanying notes are an integral part of the schedules.

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following service: public safety.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, 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 6. Long-Term Debt

The District has entered into a loan to fund operations. The outstanding principal at December 31, 2005, was \$150,000. The loan was repaid in 2006.

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

BOND FOR FISCAL OFFICER

There was no evidence presented for examination to show that William R. Collier was bonded for the position of Fiscal Officer during 2004, 2005, and 2006. Nor was evidence presented to show that the County legislative body had ever approved the amount for a bond.

Indiana Code 36-8-11-15 (a)(3) states in part: "The board . . . shall appoint, fix the compensation, and prescribe the duties of a fiscal officer . . . however, a person appointed as fiscal officer must be bonded by good and sufficient sureties in an amount ordered by the county legislative body to protect the district from financial loss."

POSTING TO CUMULATIVE FIREFIGHTING BUILDING AND EQUIPMENT FUND

Between February 12, 2004 and December 31, 2004, the tax collected and distributed by the County for the Cumulative Firefighting Building and Equipment Fund was posted to the General Fund.

Indiana Code 36-8-14-4(a) states in part: "To provide for the cumulative building and equipment fund established under this chapter, the legislative body may levy a tax on all taxable property . . ."

Indiana Code 36-8-14-4(b) states in part: "As tax is collected, it shall be . . . held in a special fund to be known as the "building or remodeling, and fire equipment fund in the case of a . . . fire protection district."

OVERDRAWN CASH BALANCE

The cash balance of the General Fund was overdrawn in the amount of \$86,754 as of December 31, 2005.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CONTRACT FOR FIRE PROTECTION SERVICES

The District pays the Sellersburg Volunteer Fire Department (SVFD) for fire protection. For 2003, the District paid SVFD \$683,305 and made payments directly to the bank on SVFD loans. There was no contract on file for 2003. In 2004, the District entered into a contract with SVFD for fire protection and a loan payment totaling \$830,897. The District paid SVFD \$764,200 and made payments on loans for SVFD directly to the bank in the amount of \$304,880 for a total of \$1,069,080. The contract for 2004 stated: "The District agrees to pay the Fire Department each year under this contract from tax revenues received from Clark County. The annual payments for the upcoming year shall be negotiated by the parties on or before June 7 of the current year." However, for 2005, there was no documentation indicating the negotiated amount for the contract. Total payment for 2005, excluding any loan payments, was \$772,720.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CLAIMS

The following problems were found on claims supporting disbursements of the District:

- a. Claims were not always properly itemized with supporting documentation.
- b. Check numbers were not entered on the claim form until 2005.
- c. Claims often lacked information such as dates, names, amounts and purpose.
- d. Claims were not always certified by the claimant.

Indiana Code 5-11-10-1 states in part: ". . . (b) No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized and its correctness properly certified to by the claimant or some authorized person in the claimant's behalf, and filed and allowed as provided by law."

All claims or accounts payable vouchers must be itemized and allowed by a majority of the members of the board before payment by the fiscal officer. Payment of invoices not supported by a duly certified claim or accounts payable voucher is not permissible. After payment, the check numbers are to be entered in the space provided on the claims or accounts payable vouchers, and the claims filed numerically for future reference and audit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 22)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

- a. General Form 353, Check, or General Form 356, Combination Payroll and Expense Check
- b. Form 99A, Employee's Earnings Record

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

APPROPRIATIONS

Disbursements for the General Fund exceeded appropriations for 2004 in the amount of \$18,052.

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."

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONTRACTS

Payments of \$350 a month were made to Virgil Bolly for legal services in 2004 and 2005 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PAYROLL DEDUCTIONS

The District paid a salary to their Fiscal Officer but failed to withhold for various taxes.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PURCHASE OF PROPERTY

The District reimbursed the Sellersburg Volunteer Fire Department (SVFD) for the purchase of land adjoining a fire station. The payment of \$65,000 was disbursed from the Cumulative Firefighting, Building and Equipment Fund. No evidence was presented for examination to indicate that the District or SVFD obtained the required appraisals prior to making the purchase.

Indiana Code 36-1-10.5 states:

"A purchasing agent shall purchase land or a structure only after compliance with the following procedures:

- (1) The fiscal body of the political subdivision shall pass a resolution to the effect that it is interested in making a purchase of specified land or a structure.
- (2) The purchasing agent shall appoint two (2) appraisers to appraise the fair market value of the land or structure. The appraisers must be professionally engaged in making appraisals or be trained as and appraiser and licensed as a broker under IC 25-34.1.
- (3) The appraisers shall return their separate appraisals to the purchasing agent within thirty (30) days after the date of their appointment. The purchasing agent shall keep the appraisals on file in the purchasing agent's office for five (5) years after they are given to the purchasing agent.
- (4) The purchasing agent shall give a copy of both appraisals to the fiscal body."

Indiana Code 36-1-10.5-6 states:

"A purchasing agent may not purchase any land or structure for a price greater than the average of the two (2) appraisals received under section 5 of this chapter."

TRI-TOWNSHIP FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 8, 2006, with William R. Collier. The official concurred with our findings.