

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

EXAMINATION REPORT
OF
AMITY FIRE PROTECTION DISTRICT
JOHNSON COUNTY, INDIANA
January 1, 1999 to December 31, 2005



FILED
11/17/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Philip W. Pettit	01-01-99 to 12-31-06
Bookkeeper	Dorotha Wertz Betty Canary Cathy Teter	01-01-99 to 12-31-03 01-01-04 to 12-31-04 01-01-05 to 12-31-06
President of the Board	James Ray	01-01-99 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE AMITY FIRE PROTECTION DISTRICT, JOHNSON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Amity Fire Protection District (District), for the period of January 1, 1999 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, 1999, 2000, 2001, 2002, 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 14, 2006

AMITY 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, 1999, 2000, 2001, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-99	Receipts	Disbursements	Cash and Investments 12-31-99
Governmental Fund: General	<u>\$ 1,326</u>	<u>\$ 85,751</u>	<u>\$ 84,864</u>	<u>\$ 2,213</u>
	Cash and Investments 01-01-00	Receipts	Disbursements	Cash and Investments 12-31-00
Governmental Fund: General	<u>\$ 2,213</u>	<u>\$ 85,082</u>	<u>\$ 85,185</u>	<u>\$ 2,110</u>
	Cash and Investments 01-01-01	Receipts	Disbursements	Cash and Investments 12-31-01
Governmental Fund: General	<u>\$ 2,110</u>	<u>\$ 95,545</u>	<u>\$ 91,368</u>	<u>\$ 6,287</u>
	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Fund: General	<u>\$ 6,287</u>	<u>\$ 105,602</u>	<u>\$ 92,745</u>	<u>\$ 19,144</u>
	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Fund: General	<u>\$ 19,144</u>	<u>\$ 173,959</u>	<u>\$ 123,614</u>	<u>\$ 69,489</u>
	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Fund: General	<u>\$ 69,489</u>	<u>\$ 198,754</u>	<u>\$ 223,279</u>	<u>\$ 44,964</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Fund: General	<u>\$ 44,964</u>	<u>\$ 181,965</u>	<u>\$ 124,188</u>	<u>\$ 102,741</u>

The accompanying notes are an integral part of the schedules.

AMITY 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 services: fire protection and general administrative services.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

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 capital lease for a fire truck. The outstanding principal at December 31, 2005, was \$182,353.

AMITY FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2001	\$ 2,068
General	2004	61,418

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."

FIRE EQUIPMENT DEBT FUND TRANSACTION RECORDING

The property tax, license excise and commercial vehicle excise tax distributions for the Fire Equipment Debt Fund were not properly recorded in the ledger. The semiannual fire debt service payments were not properly recorded in the ledger. A separate fund was not established to record the fire debt cash transactions and appropriations. As of December 31, 2005, we determined that the debt service payments made for the period from July 25, 2003 through December 31, 2005, exceeded the fire debt tax distributions by \$11,263.83. The current bookkeeper was instructed how to properly record the transactions.

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)

The 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)

AMITY FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

FIRE TRUCK LEASE PAYMENTS

Claims indicate that the District made lease payments on a fire truck to Old National Leasing as follows:

<u>Date</u>	<u>Check Number</u>	<u>Amount</u>	<u>Payment Due Date</u>	<u>Payment Number</u>	<u>Date Check Cleared</u>
08-26-03	1001	\$ 32,854.45	09-01-03	1	08-28-03
01-10-04	1016	65,708.90	03-01-04	2	03-04-04
			09-01-04	3	
07-25-04	1023	32,854.45	03-01-05	4	07-30-04
12-30-04	1037	32,854.45	09-01-05	5	01-07-05
06-30-05	1166	32,854.45	03-01-06	6	10-03-05
04-05-06	1176	32,854.45	09-01-06	7	06-22-06

We requested the District contact Old National Leasing to determine how they have recorded these payments by the District. If there are no interest savings on the lease due to the advance payments, the original schedule of payments from the signed lease should be followed. It would appear that the next payment is due on March 1, 2007.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

AMITY FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2006, with James Ray, President of the Board; and Cathy Teter, Bookkeeper. The officials concurred with our findings.