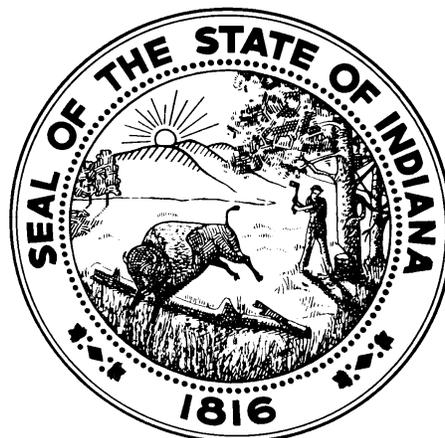


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

OWENSVILLE-MONTGOMERY TOWNSHIP
FIRE PROTECTION DISTRICT
GIBSON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
08/20/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Examination Results and Comments:	
Financial Report Opinion Modifications.....	6
Capital Asset Records	6
Payroll Deductions.....	6
Advance Payments.....	6-7
Errors on Claims	7
Excessive or Unreasonable Costs.....	7
Prescribed Forms	8
Appropriations.....	8
Vending Machine Commissions and/or Profits.....	8-9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Fiscal Officer

Billie J. Smith

01-01-06 to 12-31-08

President of the Board

Darren McClellan

01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OWENSVILLE-MONTGOMERY TOWNSHIP
FIRE PROTECTION DISTRICT, GIBSON COUNTY, INDIANA

We have examined the financial information presented herein of the Owensville-Montgomery Township Fire Protection District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Except as discussed below, 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 financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The volunteer firemen maintain a checking account outside the control of the District, yet under the District's Federal Tax Identification Number. The balances and activity of this account are omitted from the schedules presented in this report.

Except for the omission of the Volunteer Firemen's Activity Fund, in our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 26, 2008

OWENSVILLE-MONTGOMERY TOWNSHIP FIRE PROTECTION DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Fund: General	\$ 651,474	\$ 712,155	\$ 640,057	\$ 723,572
Fiduciary Fund: Levy Excess	<u>6,428</u>	<u>-</u>	<u>6,428</u>	<u>-</u>
Totals	<u>\$ 657,902</u>	<u>\$ 712,155</u>	<u>\$ 646,485</u>	<u>\$ 723,572</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Fund: General	<u>\$ 723,572</u>	<u>\$ 926,101</u>	<u>\$ 1,116,587</u>	<u>\$ 533,086</u>

The accompanying notes are an integral part of the financial information.

OWENSVILLE-MONTGOMERY TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL INFORMATION

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. 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. Subsequent Event

The District purchased an ambulance for approximately \$83,000 in 2008.

OWENSVILLE-MONTGOMERY TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

FINANCIAL REPORT OPINION MODIFICATIONS

Records for the Volunteer Firemen's Activity Fund maintained in a separate checking account under the District's Tax Identification Number were not presented for examination. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Accountant's Report for the financial statements. A similar comment was contained in the prior report.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets. A similar comment was contained in the prior report.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

PAYROLL DEDUCTIONS

Payments to volunteer firemen were made without payroll deductions for taxes in 2006. In January 2007, after a ruling by the Internal Revenue Service, the District paid both the firemen's share as well as the District's share of FICA and Medicare taxes. Therefore, the firemen were overpaid for 2006 by 7.65%. Amended W-2's are being issued in 2008 to reflect the actual payments according to the Internal Revenue Service audit. In 2007, withholdings for FICA and Medicare were made properly. A similar comment was contained in the prior report.

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)

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to the manufacturing company who was building the new fire truck, prior to the receipt of the fire truck.

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

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ERRORS ON CLAIMS

The following deficiency was noted on claims during the examination period:

Some claims were not adequately itemized.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

A similar comment was contained in the prior report.

EXCESSIVE OR UNREASONABLE COSTS

The District paid monthly telephone maintenance fees, paid cell phone fees for cell phone service that was very seldom used, purchased clothing and paid clothing allowances, paid legal fees for unneeded services, purchased candy and other food items. A similar comment was contained in the prior report.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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

PREScribed FORMS

The following prescribed or approved forms were not in use:

- 352 Receipt;
- 353 Check;
- 101 Mileage Claim;
- 358 Ledger of Receipts, Disbursements, and Balances;
- 359 Ledger of Appropriations, Encumbrances,
Disbursements and Balances;
- 354 Claim;
- 369 Capital Assets Ledger; and
- 99B Employee's Earnings Record.

A similar comment was contained in the prior report.

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 22)

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2007	<u>\$ 195,203</u>

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."

VENDING MACHINE COMMISSIONS AND/OR PROFITS

Vending machines are located on Fire District Protection District property. Minutes of the Fire Protection District do not indicate procedures adopted concerning use, maintenance and commissions and/or profits of the vending machines. A similar comment was contained in the prior report.

A clearly defined procedure should be adopted by the governmental unit concerning placement, use, maintenance, and commissions and/or profits of vending machines on their property.

All revenues generated and costs incurred in operating vending machines located on the government premises should be accounted for through the governmental unit's records.

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

If vending machines are located in restricted areas (areas other than those available to the public) and if the governmental body and chief executive officer wish for those revenues to be restricted for the use and benefit of those employees who use the machines and generate the revenues, the State Board of Accounts takes no exception to such action in an audit. The decisions must be authorized by proper resolution or ordinance of the governing body.

If vending machines are located in areas where the public makes use of the machines and generates the resulting revenues, we advise officials to place the revenues in the general fund for the benefit of the general public, the machine users. Any alternative procedure should be authorized by resolution or ordinance of the governing body.

In the event personnel other than the governmental unit's personnel maintain, stock, and clean up around vending machines, we take no audit exception when such persons are paid for these services. A written agreement should be entered into listing the services to be rendered, the amount to be paid for such services, timing of payments, and any other areas deemed necessary by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

OWENSVILLE-MONTGOMERY TOWNSHIP FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2008, with Billie J. Smith, Fiscal Officer. The official concurred with our findings.