

B36940

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

EXAMINATION REPORT
OF
MONROE TOWNSHIP FIRE PROTECTION DISTRICT
MORGAN COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
05/13/2010

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
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Annual Report.....	8
Appropriations.....	8
Optical Images of Checks.....	8-9
Credit/Debit Cards	9-10
Exit Conference.....	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Janet L. Mitchell	01-01-08 to 12-31-10
President of the Board	Glenn R. Shriver	01-01-08 to 12-31-10



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MONROE TOWNSHIP FIRE PROTECTION
DISTRICT, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of Monroe Township Fire Protection District (District), for the period of January 1, 2008 to December 31, 2009. The District's management is responsible for the financial information presented herein. 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 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.

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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 16, 2010

MONROE 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 152,190	\$ 247,580	\$ 244,258	\$ 155,512
Cumulative Fire	135,931	50,362	128,378	57,915
Fire Building Debt	176,876	347,430	332,973	191,333
Rainy Day	-	26,537	26,500	37
Levy Excess	3,646	-	3,646	-
Totals	<u>\$ 468,643</u>	<u>\$ 671,909</u>	<u>\$ 735,755</u>	<u>\$ 404,797</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 155,512	\$ 229,718	\$ 293,231	\$ 91,999
Cumulative Fire	57,915	37,868	67,787	27,996
Fire Building Debt	191,333	384,434	532,812	42,955
Rainy Day	37	41,369	-	41,406
Levy Excess	-	10,859	-	10,859
Totals	<u>\$ 404,797</u>	<u>\$ 704,248</u>	<u>\$ 893,830</u>	<u>\$ 215,215</u>

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

MONROE 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 services: public safety, health and social services, culture and recreation, 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 or highway use taxes are received 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.

MONROE TOWNSHIP FIRE PROTECTION DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 178,377
Buildings	1,800,000
Machinery and equipment	<u>1,022,435</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,000,812</u>

MONROE TOWNSHIP FIRE PROTECTION DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Fire District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable		
Squad 2 Equipment	\$ 31,431	\$ 16,014
Tanker Equipment	95,373	38,043
Fire Building	478,367	332,973
Total governmental activities debt	<u>\$ 605,171</u>	<u>\$ 387,030</u>

MONROE TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2009 was filed after March 1, 2010. A similar comment was noted in prior Report B32995.

The Annual Report was not accurate.

IC 5-11-1-4 states in part:

"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. . . ."

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>
Fire Building Debt	2008	\$ 9,999.48
Fire Building Debt	2009	199,838.22
General	2008	9,997.57
General	2009	9,798.04
Cumulative Fire	2008	21,066.01

IC 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."

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of only the front side of the checks. A similar comment was noted in prior Report B32995.

IC 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

MONROE TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Furthermore, IC 26-2-8-111 states in part:

"(a) 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)."

CREDIT/DEBIT CARDS

The official is using credit/debit cards in some instances to purchase items. The District has not adopted a credit card policy. The use of a debit card results in a disbursement being made from the District account, prior to the performance of various statutory approvals and allowances. Thus, debit cards should not be used for District purchases. A similar comment was noted in prior Report B32995.

Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. (IC 5-11-10-5)

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

MONROE TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

(7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

(8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

MONROE TOWNSHIP FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on April 16, 2010, with Janet L. Mitchell, Fiscal Officer.
The official concurred with our findings