

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

EXAMINATION REPORT
OF
LAFAYETTE TOWNSHIP FIRE PROTECTION DISTRICT
FLOYD COUNTY, INDIANA
January 1, 2007 to December 31, 2010



FILED
06/20/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fire Chief/Fiscal Officer	Jeremy L. Klein	01-01-07 to 12-31-11
Chairman of the Board	Charles Staser Dan Schmidt	01-01-07 to 07-17-07 07-18-07 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAFAYETTE TOWNSHIP FIRE
PROTECTION DISTRICT, FLOYD COUNTY, INDIANA

We have examined the financial information presented herein of the Lafayette Township Fire Protection District (District), for the period of January 1, 2007 to December 31, 2010. 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, 2007, 2008, 2009, and 2010, 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

May 12, 2011

LAFAYETTE 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, 2007, 2008, 2009, And 2010

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Fund: General	\$ -	\$ 1,070,141	\$ 970,764	\$ 99,377
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds: General	\$ 99,377	\$ 1,038,742	\$ 772,493	\$ 365,626
Fundraiser/Donations	-	2,032	-	2,032
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 99,377</u>	<u>\$ 1,040,774</u>	<u>\$ 772,493</u>	<u>\$ 367,658</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds: General	\$ 365,626	\$ 1,076,821	\$ 1,007,132	\$ 435,315
Fundraiser/Donations	2,032	742	2,378	396
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 367,658</u>	<u>\$ 1,077,563</u>	<u>\$ 1,009,510</u>	<u>\$ 435,711</u>
	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds: General	\$ 435,315	\$ 1,240,010	\$ 1,249,612	\$ 425,713
Fundraiser/Donations	396	2,592	2,072	916
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 435,711</u>	<u>\$ 1,242,602</u>	<u>\$ 1,251,684</u>	<u>\$ 426,629</u>

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

LAFAYETTE 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 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.

LAFAYETTE TOWNSHIP FIRE PROTECTION DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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:	
Machinery and equipment	<u>\$ 155,069</u>

LAFAYETTE TOWNSHIP FIRE PROTECTION DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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:		
2005 Ford Explorer	\$ 1,812	\$ 1,821
2005 Ford Explorer	<u>1,971</u>	<u>1,981</u>
Total governmental activities debt	<u>\$ 3,783</u>	<u>\$ 3,802</u>

LAFAYETTE TOWNSHIP FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Fire Chief, Jeremy L. Klein, performs the duties of the fiscal officer, but is not properly bonded.

IC 36-8-11-15 states in part: ". . . 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; . . ."

DEPOSITS

We noted instances where receipts were deposited later than the next business day. There were as many as forty days in between the distribution date per the County Auditor's records and the date the funds were deposited into the Fire District account.

IC 5-13-6-1(c) states in part: "All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

PERSONAL EXPENSES

A review of purchases made by the Fire Protection District from the Fundraiser/Donations Fund revealed several payments totaling \$4,450 being for personal type items during the period of examination. These personal expenses included the purchases of Crusade for Children Shirts, flowers, food, and an annual awards banquet.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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

PAYROLL DEDUCTIONS

Board members received compensation during the examination period without payroll deductions for Social Security and Medicare Taxes. Additionally, this compensation was not reported on a Form W-2.

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)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Guidelines Manual for Special Districts, Chapter 10)

PENALTIES, INTEREST, AND OTHER CHARGES

Instances were noted in which finance charges and late fees were paid totaling \$427.

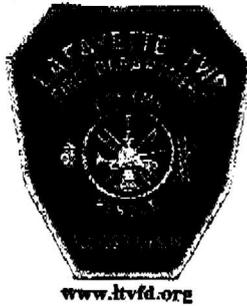
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LAFAYETTE TOWNSHIP FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on May 12, 2011, with Jeremy L. Klein, Fire Chief/Fiscal Officer; Dan Schmidt, Chairman of the Board; and Robert Ising, Secretary. The official response has been made a part of this report and may be found on page 11.

LAFAYETTE TOWNSHIP FIRE PROTECTION DISTRICT

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Jeremy L. Klein, Fire Chief
Dan Schmidt, Chairman
Mark Huth, Vice Chairman
Robert Ising, Secretary
Herman Buechler, Member
Larry Enlow, Member
Earl James, Member
Charles Staser, Member

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

RE: Lafayette Township Fire District, Examination Period January 1, 2007 to December 31, 2010

"OFFICIAL RESPONSE" to Examination and Exit Conference on May 12, 2011

After reviewing the items listed and discussed in the Exit Interview with the State Board Auditor, we agree that all deficiency items have been rectified or are in the process of being rectified. Our only complaint is that had an audit been performed after the 1st year instead of the 4th year, these items would have been corrected sooner. Thank you in advance for including this response.

Kindest Regards,
Robert C. Ising
Secretary/Fiscal Officer