

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF
JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
KNOX COUNTY, INDIANA
January 1, 2011 to December 31, 2014



FILED
11/07/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Earl Ruppel	01-01-11 to 12-31-16
President of the Board	Donald Farrell	01-01-11 to 12-31-14
	Cary Keller	01-01-15 to 12-31-16



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Johnson Township Fire Protection District (District), for the period of January 1, 2011 to December 31, 2014. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2014.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2014, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

September 22, 2016

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

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Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Rainy Day	\$ 16,640	\$ -	\$ -	\$ 16,640	\$ -	\$ -	\$ 16,640
Levy Excess Fund	478	-	-	478	-	-	478
Fire Cumulative	28,380	27,401	3,407	52,374	27,055	19,625	59,804
Fire Debt Service	20,148	15,596	33,063	2,681	49,777	36,431	16,027
Fire General	275,758	317,503	117,583	475,678	168,280	412,984	230,974
Totals	<u>\$ 341,404</u>	<u>\$ 360,500</u>	<u>\$ 154,053</u>	<u>\$ 547,851</u>	<u>\$ 245,112</u>	<u>\$ 469,040</u>	<u>\$ 323,923</u>

The notes to the financial statements are an integral part of this statement.

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Rainy Day	\$ 16,640	\$ -	\$ -	\$ 16,640	\$ -	\$ -	\$ 16,640
Levy Excess Fund	478	-	-	478	-	-	478
Fire Cumulative	59,804	27,219	54,256	32,767	27,554	16,633	43,688
Fire Debt Service	16,027	39,295	36,431	18,891	35,990	36,431	18,450
Fire General	230,974	171,820	137,739	265,055	174,256	154,552	284,759
Totals	<u>\$ 323,923</u>	<u>\$ 238,334</u>	<u>\$ 228,426</u>	<u>\$ 333,831</u>	<u>\$ 237,800</u>	<u>\$ 207,616</u>	<u>\$ 364,015</u>

The notes to the financial statements are an integral part of this statement.

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes, which can include one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Other receipts, which include amounts received from various sources including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services, which include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges, which include, but are not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest, which includes fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Capital outlay, which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements, which include, but are not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be 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 statutes authorize the District to invest in securities including, but not limited to, the following: 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 5. Risk Management

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

OTHER INFORMATION - UNEXAMINED

The District's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the District's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2011

	Rainy Day	Levy Excess Fund	Fire Cumulative	Fire Debt Service	Fire General	Totals
Cash and investments - beginning	\$ 16,640	\$ 478	\$ 28,380	\$ 20,148	\$ 275,758	\$ 341,404
Receipts:						
Taxes	-	-	24,532	13,963	110,856	149,351
Intergovernmental receipts	-	-	2,869	1,633	36,405	40,907
Other receipts	-	-	-	-	170,242	170,242
Total receipts	-	-	27,401	15,596	317,503	360,500
Disbursements:						
Personal services	-	-	-	-	6,297	6,297
Supplies	-	-	-	-	193	193
Other services and charges	-	-	-	-	104,110	104,110
Debt service - principal and interest	-	-	-	33,063	-	33,063
Capital outlay	-	-	3,407	-	6,983	10,390
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	3,407	33,063	117,583	154,053
Excess (deficiency) of receipts over disbursements	-	-	23,994	(17,467)	199,920	206,447
Cash and investments - ending	\$ 16,640	\$ 478	\$ 52,374	\$ 2,681	\$ 475,678	\$ 547,851

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	Rainy Day	Levy Excess Fund	Fire Cumulative	Fire Debt Service	Fire General	Totals
Cash and investments - beginning	\$ 16,640	\$ 478	\$ 52,374	\$ 2,681	\$ 475,678	\$ 547,851
Receipts:						
Taxes	-	-	24,445	44,975	125,031	194,451
Intergovernmental receipts	-	-	2,610	4,802	43,001	50,413
Other receipts	-	-	-	-	248	248
Total receipts	-	-	27,055	49,777	168,280	245,112
Disbursements:						
Personal services	-	-	-	-	6,088	6,088
Supplies	-	-	-	-	127	127
Other services and charges	-	-	-	-	108,077	108,077
Debt service - principal and interest	-	-	-	36,431	-	36,431
Capital outlay	-	-	19,625	-	298,692	318,317
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	19,625	36,431	412,984	469,040
Excess (deficiency) of receipts over disbursements	-	-	7,430	13,346	(244,704)	(223,928)
Cash and investments - ending	\$ 16,640	\$ 478	\$ 59,804	\$ 16,027	\$ 230,974	\$ 323,923

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Rainy Day	Levy Excess Fund	Fire Cumulative	Fire Debt Service	Fire General	Totals
Cash and investments - beginning	\$ 16,640	\$ 478	\$ 59,804	\$ 16,027	\$ 230,974	\$ 323,923
Receipts:						
Taxes	-	-	24,658	35,598	129,541	189,797
Intergovernmental receipts	-	-	2,561	3,697	42,135	48,393
Other receipts	-	-	-	-	144	144
Total receipts	-	-	27,219	39,295	171,820	238,334
Disbursements:						
Personal services	-	-	-	-	5,845	5,845
Supplies	-	-	-	-	43	43
Other services and charges	-	-	-	-	107,893	107,893
Debt service - principal and interest	-	-	-	36,431	-	36,431
Capital outlay	-	-	54,256	-	23,958	78,214
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	54,256	36,431	137,739	228,426
Excess (deficiency) of receipts over disbursements	-	-	(27,037)	2,864	34,081	9,908
Cash and investments - ending	\$ 16,640	\$ 478	\$ 32,767	\$ 18,891	\$ 265,055	\$ 333,831

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Rainy Day	Levy Excess Fund	Fire Cumulative	Fire Debt Service	Fire General	Totals
Cash and investments - beginning	\$ 16,640	\$ 478	\$ 32,767	\$ 18,891	\$ 265,055	\$ 333,831
Receipts:						
Taxes	-	-	25,060	32,738	130,894	188,692
Intergovernmental receipts	-	-	2,494	3,252	43,245	48,991
Other receipts	-	-	-	-	117	117
Total receipts	-	-	27,554	35,990	174,256	237,800
Disbursements:						
Personal services	-	-	-	-	20,678	20,678
Supplies	-	-	-	-	698	698
Other services and charges	-	-	-	-	111,517	111,517
Debt service - principal and interest	-	-	-	36,431	-	36,431
Capital outlay	-	-	16,633	-	21,659	38,292
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	16,633	36,431	154,552	207,616
Excess (deficiency) of receipts over disbursements	-	-	10,921	(441)	19,704	30,184
Cash and investments - ending	\$ 16,640	\$ 478	\$ 43,688	\$ 18,450	\$ 284,759	\$ 364,015

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	2011 Fire Truck Loan	\$ 87,693	\$ 36,430
Totals		<u>\$ 87,693</u>	<u>\$ 36,430</u>

JOHNSON TOWNSHIP FIRE PROTECTION DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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>Ending Balance</u>
Governmental activities:	
Machinery, equipment, and vehicles	\$ 256,758
Books and other	<u>29,748</u>
Total governmental activities	<u>286,506</u>
Total capital assets	<u><u>\$ 286,506</u></u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.