

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

EXAMINATION REPORT

OF

JOHNSON TOWNSHIP COMMUNITY FIRE DISTRICT

KNOX COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
10/29/2007

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OFFICIALS

Office

Official

Term

Fiscal Officer

Earl E. Ruppel

01-01-05 to 12-31-07

President of the Board

Chuck Farrell

01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Johnson Township Community Fire District (District), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 21, 2007

JOHNSON TOWNSHIP COMMUNITY FIRE DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Fund: General	<u>\$ 63,144</u>	<u>\$ 73,885</u>	<u>\$ 78,984</u>	<u>\$ 58,045</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds: General	\$ 58,045	\$ 245,880	\$ 101,928	\$ 201,997
Debt Service	-	44,080	33,100	10,980
Capital Projects	-	170,000	170,000	-
Totals	<u>\$ 58,045</u>	<u>\$ 459,960</u>	<u>\$ 305,028</u>	<u>\$ 212,977</u>

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

JOHNSON TOWNSHIP COMMUNITY FIRE 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. Long-Term Debt

During 2006, the Fire District has entered into a loan for a fire truck. The outstanding principal at December 31, 2006, was \$144,063.

JOHNSON TOWNSHIP COMMUNITY FIRE DISTRICT
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not adequately itemized.
2. Claims or invoices were not accompanied by evidence in support of the receipt of goods or services.

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 in the prior report.

DEPOSITS

We noted instances where receipts were deposited up to 19 months later. A tax distribution from Knox County made in February 2005 has not been deposited. A similar comment appeared in the prior report.

Indiana Code 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 next business day following the receipt of the funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

JOHNSON TOWNSHIP COMMUNITY FIRE DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

The check dated February 23, 2005, in the amount of \$8,263.75 from Knox County for an advance draw of property taxes, as referenced in the prior comment, was not cashed as of December 31, 2006.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PRESCRIBED FORMS

Prescribed Form 352, Receipt, was not in use. A similar comment appeared 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 10)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination or were incorrect. A similar comment appeared in the prior report.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

JOHNSON TOWNSHIP COMMUNITY FIRE DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2007, with Earl E. Ruppel, Fiscal Officer. The official concurred with our findings.