

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT

MONROE COUNTY, INDIANA

January 1, 2002 to December 31, 2005



FILED
11/17/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-7
Examination Results and Comments:	
Prescribed Forms	8
Capital Asset Records	8
Errors on Claims	8-9
Sales Tax.....	9
Penalties, Interest and Other Charges	9
Internal Controls	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Jerry B. Anderson Richard Beard	01-01-02 to 12-31-04 01-01-05 to 12-31-06
President of the Board	Steven K. Emery	01-01-02 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PERRY-CLEAR CREEK FIRE PROTECTION
DISTRICT, MONROE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Perry-Clear Creek Fire Protection District (District), for the period of January 1, 2002 to December 31, 2005. The District's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 24, 2006

PERRY-CLEAR CREEK 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, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Fund: General	\$ 436,474	\$ 1,088,549	\$ 1,158,413	\$ 366,610
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Fund: General	\$ 366,610	\$ 1,317,994	\$ 1,238,389	\$ 446,215
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds: General	\$ 446,215	\$ 1,323,631	\$ 1,312,926	\$ 456,920
Rainy Day	-	25,580	-	25,580
Cumulative Fire	-	83,979	-	83,979
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	\$ 446,215	\$ 1,433,190	\$ 1,312,926	\$ 566,479
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds: General	\$ 456,920	\$ 1,160,817	\$ 1,393,682	\$ 224,055
Rainy Day	25,580	6,955	4,378	28,157
Cumulative Fire	83,979	68,501	-	152,480
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	\$ 566,479	\$ 1,236,273	\$ 1,398,060	\$ 404,692
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The accompanying notes are an integral part of the schedules.

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides 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.

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.

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Fire District contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Fund (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
NOTES TO SCHEDULES
(Continued)

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class firefighters' salary and the Fire District is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class firefighters' salary. The contribution requirements of plan members and the Fire District are established by the Board of Trustees of PERF. The Fire District's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$90,720, \$82,110, and \$77,000, respectively, equal to the required contributions for each year.

Note 7. Long-Term Debt

The District has entered into various debts such as capital leases for machinery and equipment and transportation equipment. The outstanding principal at December 31, 2005, was \$58,315 and \$268,510, respectively.

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed forms were not in use:

Mileage Claim (General Form Number 101)
Check (General Form Number 353)

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, Page 10-13)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or a record of capital assets using General Form Number 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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, Page 10-7)

ERRORS ON CLAIMS

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

- (1) All claims were not certified by the Fiscal Officer.
- (2) All claims did not have board approval.
- (3) Claims or invoices did not reflect 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;

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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."

SALES TAX

Sales tax was paid for some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-14)

PENALTIES, INTEREST AND OTHER CHARGES

Late charges totaling \$15.98 were paid to Phillips 66 Company in 2004.

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 Compliance Guidelines Manual for Special Districts, Page 10-12)

INTERNAL CONTROLS

Payroll claims were not approved during the period.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-11)

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2006, with Richard Beard, Fiscal Officer; Natalie Blais, Business Manager; Jim Dunning, Business Administrator; and Jeff Calabrese, Fire Chief. The officials concurred with our findings.