

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

PATOKA TOWNSHIP FIRE DISTRICT

PIKE COUNTY, INDIANA

January 1, 2008 to December 31, 2011



FILED
10/09/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-9
Notes to Financial Statements	10-13
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	16-19
Schedule of Capital Assets.....	20
Examination Results and Comments:	
Pre-signing Checks	21
Approval of Claims	21
Compensation.....	21
Exit Conference.....	22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Tom Edrington (Deceased)	01-01-08 to 07-31-09
	(Vacant)	08-01-09 to 09-03-09
	Barbara J. Wilson	09-03-09 to 12-31-12
Chairman of the Board	Ron DeMotte	01-01-08 to 12-31-08
	Charlie Barr	01-01-09 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PATOKA TOWNSHIP FIRE DISTRICT, PIKE COUNTY, INDIANA

We have examined the accompanying financial statements of the Patoka Township Fire District (District), for the years ended December 31, 2008, 2009, 2010, and 2011. 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 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 basis noted above is a different basis than that used in the prior year.

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 years ended December 31, 2008, 2009, 2010, and 2011, 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 and the 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.

This report is intended solely for the information and use of the District's management, District Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 1, 2012

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FINANCIAL STATEMENTS

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.

PATOKA TOWNSHIP FIRE DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2008

Fund	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 210,071	\$ 130,764	\$ 100,982	\$ 239,853
Totals	<u>\$ 210,071</u>	<u>\$ 130,764</u>	<u>\$ 100,982</u>	<u>\$ 239,853</u>

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

PATOKA TOWNSHIP FIRE DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2009

Fund	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 239,853	\$ 133,630	\$ 148,896	\$ 224,587
Totals	<u>\$ 239,853</u>	<u>\$ 133,630</u>	<u>\$ 148,896</u>	<u>\$ 224,587</u>

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

PATOKA TOWNSHIP FIRE DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 224,587	\$ 113,538	\$ 136,757	\$ 201,368
Totals	<u>\$ 224,587</u>	<u>\$ 113,538</u>	<u>\$ 136,757</u>	<u>\$ 201,368</u>

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

PATOKA TOWNSHIP FIRE DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
SP Special Fire General	\$ 201,368	\$ 202,285	\$ 121,811	\$ 281,842
Totals	<u>\$ 201,368</u>	<u>\$ 202,285</u>	<u>\$ 121,811</u>	<u>\$ 281,842</u>

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

PATOKA TOWNSHIP FIRE 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 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. Receipts are recorded when received and disbursements are recorded when paid.

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 may include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received

PATOKA TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are 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.

E. Disbursements

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

Personal services 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: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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 include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

PATOKA TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

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.

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.

PATOKA TOWNSHIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 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. These risks may also be mitigated by the District by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's 2008, 2009, 2010 Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's 2011 Annual 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 Annual Reports of the District which are 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 supplementary information presented was approved by management of the District. It is presented as intended by the District.

PATOKA TOWNSHIP FIRE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008

	General	Totals
Cash and investments - beginning	\$ 210,071	\$ 210,071
Receipts:		
Taxes	110,896	110,896
Intergovernmental	15,417	15,417
Other receipts	4,451	4,451
Total receipts	130,764	130,764
Disbursements:		
Personal services	1,800	1,800
Supplies	60	60
Other services and charges	92,446	92,446
Capital outlay	6,676	6,676
Other disbursements	-	-
Total disbursements	100,982	100,982
Excess of receipts over disbursements	29,782	29,782
Cash and investments - ending	\$ 239,853	\$ 239,853

PATOKA TOWNSHIP FIRE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Totals
Cash and investments - beginning	\$ 239,853	\$ 239,853
Receipts:		
Taxes	116,258	116,258
Intergovernmental	14,613	14,613
Other receipts	2,759	2,759
Total receipts	133,630	133,630
Disbursements:		
Personal services	2,700	2,700
Supplies	550	550
Other services and charges	103,321	103,321
Capital outlay	42,325	42,325
Other disbursements	-	-
Total disbursements	148,896	148,896
Deficiency of receipts over disbursements	(15,266)	(15,266)
Cash and investments - ending	\$ 224,587	\$ 224,587

PATOKA TOWNSHIP FIRE DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Totals
Cash and investments - beginning	\$ 224,587	\$ 224,587
Receipts:		
Taxes	77,632	77,632
Intergovernmental	8,592	8,592
Other receipts	27,314	27,314
Total receipts	113,538	113,538
Disbursements:		
Personal services	9,600	9,600
Supplies	104	104
Other services and charges	98,798	98,798
Capital outlay	2,289	2,289
Other disbursements	25,966	25,966
Total disbursements	136,757	136,757
Deficiency of receipts over disbursements	(23,219)	(23,219)
Cash and investments - ending	\$ 201,368	\$ 201,368

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

	SP Special Fire General	Totals
Cash and investments - beginning	\$ 201,368	\$ 201,368
Receipts:		
Taxes	171,496	171,496
Intergovernmental	23,628	23,628
Other receipts	<u>7,161</u>	<u>7,161</u>
Total receipts	<u>202,285</u>	<u>202,285</u>
Disbursements:		
Personal services	4,800	4,800
Supplies	356	356
Other services and charges	112,436	112,436
Capital outlay	4,219	4,219
Other disbursements	<u>-</u>	<u>-</u>
Total disbursements	<u>121,811</u>	<u>121,811</u>
Excess of receipts over disbursements	<u>80,474</u>	<u>80,474</u>
Cash and investments - ending	<u>\$ 281,842</u>	<u>\$ 281,842</u>

PATOKA TOWNSHIP FIRE DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ -
Buildings	-
Machinery, equipment and vehicles	1,579
Books and other	-
Total governmental activities	1,579
Total capital assets	\$ 1,579

PATOKA TOWNSHIP FIRE DISTRICT, PIKE COUNTY
EXAMINATION RESULTS AND COMMENTS

PRE-SIGNING CHECKS

It was determined from discussions with the Fiscal Officer and the Chairman of the Board that pre-signing blank checks is a common practice for the District.

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10, Page 13)

APPROVAL OF CLAIMS

It was noted that the District is paying claims prior to approval by the board of trustees.

The claims must be approved by the Board of Trustees prior to the actual payment of the claims.

Indiana Code 5-11-10-2 states in part:

"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 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."

COMPENSATION

The Board of Trustees received \$1,800, \$2,700, \$3,600, and \$3,600 in 2008, 2009, 2010, and 2011 respectively, for per diem. There was no itemization attached to the per diem claims for the trustees.

The Board of Trustees is allowed \$20 a day for each day devoted to the work of the District. An itemized invoice should be attached to the per diem claim showing the dates of the work done for the District.

It was determined that the trustees were being paid the full amount of the budgeted personal services line item with no regard to the number of days worked for the district.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14, Page 1)

Each trustee may receive not more than twenty dollars (\$20) a day for each day devoted to the work of the district. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 4, Page 2)

Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-13 and 21-4)

PATOKA TOWNSHIP FIRE DISTRICT, PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2012, with Barbara J. Wilson, Fiscal Officer.
The official concurred with our findings.