

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

JEFFERSON-MARION TOWNSHIP FIRE DISTRICT

PIKE COUNTY, INDIANA

January 1, 2008 to December 31, 2011



**FILED**  
10/10/2012



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OFFICIALS

Office

Official

Term

Fiscal Officer

Joe Dickson

01-01-08 to 12-31-12

Chairman of the Board

Donald Evans

01-01-08 to 12-31-12



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE JEFFERSON-MARION  
TOWNSHIP FIRE DISTRICT, PIKE COUNTY, INDIANA

We have examined the financial statements of the Jefferson-Marion Township Fire District (District), for the period of January 1, 2008 to December 31, 2011. The District's management is responsible for the financial statements. 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 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.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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

July 30, 2012

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## FINANCIAL STATEMENTS

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

JEFFERSON-MARION 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	\$ 264,186	\$ 82,257	\$ 47,599	\$ 298,844
Levy Excess	<u>1,048</u>	<u>-</u>	<u>1,048</u>	<u>-</u>
Totals	<u>\$ 265,234</u>	<u>\$ 82,257</u>	<u>\$ 48,647</u>	<u>\$ 298,844</u>

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

JEFFERSON-MARION 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	<u>\$ 298,844</u>	<u>\$ 82,248</u>	<u>\$ 47,424</u>	<u>\$ 333,668</u>

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

JEFFERSON-MARION 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	<u>\$ 333,668</u>	<u>\$ 89,313</u>	<u>\$ 47,131</u>	<u>\$ 375,850</u>

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

JEFFERSON-MARION 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
General	<u>\$ 375,850</u>	<u>\$ 88,858</u>	<u>\$ 47,100</u>	<u>\$ 417,608</u>

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

JEFFERSON-MARION 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 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.

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 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 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.

JEFFERSON-MARION TOWNSHIP FIRE 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 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.

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.

JEFFERSON-MARION TOWNSHIP FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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, 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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's 2008 and 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://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.

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

	<u>General Fund</u>	<u>Levy Excess</u>	<u>Totals</u>
Cash and investments - beginning	\$ 264,186	\$ 1,048	\$ 265,234
Receipts:			
Taxes	71,664	-	71,664
Intergovernmental	10,050	-	10,050
Other receipts	<u>543</u>	<u>-</u>	<u>543</u>
Total receipts	<u>82,257</u>	<u>-</u>	<u>82,257</u>
Disbursements:			
Personal services	360	-	360
Supplies	324	-	324
Other services and charges	46,915	-	46,915
Other disbursements	<u>-</u>	<u>1,048</u>	<u>1,048</u>
Total disbursements	<u>47,599</u>	<u>1,048</u>	<u>48,647</u>
Excess (deficiency) of receipts over disbursements	<u>34,658</u>	<u>(1,048)</u>	<u>\$ 33,610</u>
Cash and investments - ending	<u>\$ 298,844</u>	<u>\$ -</u>	<u>\$ 298,844</u>

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

	<u>General Fund</u>
Cash and investments - beginning	\$ <u>298,844</u>
Receipts:	
Taxes	73,231
Intergovernmental	8,155
Other receipts	<u>862</u>
Total receipts	<u>82,248</u>
Disbursements:	
Personal services	360
Supplies	-
Other services and charges	47,064
Other disbursements	<u>-</u>
Total disbursements	<u>47,424</u>
Excess (deficiency) of receipts over disbursements	<u>34,824</u>
Cash and investments - ending	<u>\$ <u>333,668</u></u>

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

	<u>General Fund</u>
Cash and investments - beginning	\$ <u>333,668</u>
Receipts:	
Taxes	78,864
Intergovernmental	10,206
Other receipts	<u>243</u>
Total receipts	<u>89,313</u>
Disbursements:	
Personal services	220
Supplies	40
Other services and charges	46,871
Other disbursements	<u>-</u>
Total disbursements	<u>47,131</u>
Excess (deficiency) of receipts over disbursements	<u>42,182</u>
Cash and investments - ending	<u><u>\$ 375,850</u></u>

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

	<u>General Fund</u>
Cash and investments - beginning	\$ <u>375,850</u>
Receipts:	
Taxes	79,882
Intergovernmental	8,787
Other receipts	<u>189</u>
Total receipts	<u>88,858</u>
Disbursements:	
Personal services	240
Other services and charges	30,860
Other disbursements	<u>16,000</u>
Total disbursements	<u>47,100</u>
Excess (deficiency) of receipts over disbursements	<u>41,758</u>
Cash and investments - ending	<u><u>\$ 417,608</u></u>

JEFFERSON-MARION TOWNSHIP FIRE DISTRICT  
EXAMINATION RESULTS AND COMMENTS

***LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER***

A list of employees was not certified to the County Treasurer for the years 2008, 2009, 2010, and 2011.

This was also discussed in the prior examination.

Indiana Code 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

***ANNUAL REPORT***

An annual report for 2009 was not presented for examination.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***COMPENSATION - FISCAL OFFICER***

The Fiscal Officer is paid a contract amount of \$600 annually and, in addition, he receives \$20 per diem for each meeting attended. The 1099 prepared for the Fiscal Officer should include both the contractual amount and the total per diem for the year.

2009 and 2011 1099's were produced for examination. The 1099 for year 2009 was incorrect due to the yearly compensation of per diem being excluded.

A similar comment was discussed in the prior examination.

Payments for services provided by an organization should go directly to the organization and not to an individual employee of the organization. All payments for services should be supported by a written contract. 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, Page 14-1)

JEFFERSON-MARION TOWNSHIP FIRE DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on July 30, 2012, with Joe Dickson, Fiscal Officer. The official concurred with our findings.