

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

HENSLEY FIRE PROTECTION DISTRICT

JOHNSON COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
10/10/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Recording Secretary	Mary Wilkerson	01-01-10 to 12-31-13
President of the Board	Mike Hodge	01-01-10 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Hensley Fire Protection District (District), for the period of January 1, 2010 to December 31, 2012. 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, 2010 to December 31, 2012.

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, 2010 to December 31, 2012, 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, 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.

Bruce Hartman
State Examiner

September 18, 2013

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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.

HENSLEY FIRE PROTECTION 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	\$ 237,132	\$ 189,239	\$ 162,909	\$ 263,462
Rainy Day	30,138	-	-	30,138
Cumulative Fund	<u>202,247</u>	<u>74,287</u>	<u>-</u>	<u>276,534</u>
Totals	<u>\$ 469,517</u>	<u>\$ 263,526</u>	<u>\$ 162,909</u>	<u>\$ 570,134</u>

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

HENSLEY FIRE PROTECTION DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 263,462	\$ 169,978	\$ 178,581	\$ 254,859	\$ 189,594	\$ 185,888	\$ 258,565
Rainy Day	30,138	-	10,000	20,138	-	10,000	10,138
Cumulative Fund	<u>276,534</u>	<u>72,720</u>	<u>-</u>	<u>349,254</u>	<u>70,835</u>	<u>-</u>	<u>420,089</u>
Totals	<u>\$ 570,134</u>	<u>\$ 242,698</u>	<u>\$ 188,581</u>	<u>\$ 624,251</u>	<u>\$ 260,429</u>	<u>\$ 195,888</u>	<u>\$ 688,792</u>

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

HENSLEY 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 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,

HENSLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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

HENSLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's Annual Report information for years 2011 and later 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.

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

	<u>General</u>	<u>Rainy Day</u>	<u>Cumulative Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 237,132	\$ 30,138	\$ 202,247	\$ 469,517
Receipts:				
Taxes	87,367	-	69,393	156,760
Intergovernmental	98,812	-	4,894	103,706
Other receipts	3,060	-	-	3,060
Total receipts	<u>189,239</u>	<u>-</u>	<u>74,287</u>	<u>263,526</u>
Disbursements:				
Personal services	2,393	-	-	2,393
Supplies	213	-	-	213
Other services and charges	160,303	-	-	160,303
Capital outlay	-	-	-	-
Other disbursements	-	-	-	-
Total disbursements	<u>162,909</u>	<u>-</u>	<u>-</u>	<u>162,909</u>
Excess (deficiency) of receipts over disbursements	<u>26,330</u>	<u>-</u>	<u>74,287</u>	<u>100,617</u>
Cash and investments - ending	<u>\$ 263,462</u>	<u>\$ 30,138</u>	<u>\$ 276,534</u>	<u>\$ 570,134</u>

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

	General Fund	Rainy Day	Cumulative Fund	Totals
Cash and investments - beginning	\$ 263,462	\$ 30,138	\$ 276,534	\$ 570,134
Receipts:				
Taxes	88,379	-	66,328	154,707
Licenses and permits	-	-	252	252
Intergovernmental	79,311	-	6,140	85,451
Other receipts	2,288	-	-	2,288
Total receipts	169,978	-	72,720	242,698
Disbursements:				
Personal services	2,381	-	-	2,381
Supplies	42	5,609	-	5,651
Other services and charges	176,158	4,391	-	180,549
Other disbursements	-	-	-	-
Total disbursements	178,581	10,000	-	188,581
Excess (deficiency) of receipts over disbursements	(8,603)	(10,000)	72,720	54,117
Cash and investments - ending	\$ 254,859	\$ 20,138	\$ 349,254	\$ 624,251

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

	General Fund	Rainy Day	Cumulative Fund	Totals
Cash and investments - beginning	\$ 254,859	\$ 20,138	\$ 349,254	\$ 624,251
Receipts:				
Taxes	92,808	-	64,233	157,041
Intergovernmental	95,458	-	6,602	102,060
Other receipts	1,328	-	-	1,328
Total receipts	<u>189,594</u>	<u>-</u>	<u>70,835</u>	<u>260,429</u>
Disbursements:				
Personal services	2,358	-	-	2,358
Supplies	37	-	-	37
Other services and charges	183,493	-	-	183,493
Other disbursements	-	10,000	-	10,000
Total disbursements	<u>185,888</u>	<u>10,000</u>	<u>-</u>	<u>195,888</u>
Excess (deficiency) of receipts over disbursements	<u>3,706</u>	<u>(10,000)</u>	<u>70,835</u>	<u>64,541</u>
Cash and investments - ending	<u>\$ 258,565</u>	<u>\$ 10,138</u>	<u>\$ 420,089</u>	<u>\$ 688,792</u>

HENSLEY FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained errors in 2010 and 2011. Incorrect fund balances were used to reconcile and, therefore, the reconciliation presented showed a variance. When the correct fund balances were used, the bank reconciled to the ledger.

Indiana Code 5-13-6-1(e) states: "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."

HENSLEY FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2013, with Mary Wilkerson, Recording Secretary. The official concurred with our finding.