

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF
PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
MONROE COUNTY, INDIANA
January 1, 2010 to December 31, 2012



FILED
11/20/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Richard Beard John F. Moore Roger W. Stewart	01-01-10 to 11-17-10 11-18-10 to 02-21-12 02-22-12 to 12-31-13
President of the Board	Steven K. Emery John F. Moore	01-01-10 to 12-31-11 01-01-12 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Perry-Clear Creek 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. The basis noted above is a different basis than that used in the prior period.

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.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and 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.


Paul D. Joyce, CPA
State Examiner

October 17, 2013

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.

PERRY-CLEAR CREEK 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 Fund	\$ 49,727	\$ 2,333,368	\$ 2,092,254	\$ 290,841
Rainy Day Fund	100,805	61,752	23,104	139,453
Cumulative Fund	<u>65,544</u>	<u>323,111</u>	<u>207,602</u>	<u>181,053</u>
Totals	<u>\$ 216,076</u>	<u>\$ 2,718,231</u>	<u>\$ 2,322,960</u>	<u>\$ 611,347</u>

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

PERRY-CLEAR CREEK 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	\$ 290,841	\$ 1,991,284	\$ 1,929,369	\$ 352,756	\$ 2,074,273	\$ 2,030,600	\$ 396,429
Rainy Day Fund	139,454	44	139,384	114	-	-	114
Cumulative Fund	181,053	310,688	299,132	192,609	283,360	269,077	206,892
Totals	<u>\$ 611,348</u>	<u>\$ 2,302,016</u>	<u>\$ 2,367,885</u>	<u>\$ 545,479</u>	<u>\$ 2,357,633</u>	<u>\$ 2,299,677</u>	<u>\$ 603,435</u>

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

PERRY-CLEAR CREEK 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

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.

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

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.

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.

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

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.

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.

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

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

C. *1977 Police Officers' and Firefighters' Pension and Disability Fund*

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the District are established by the Board of Trustees of INPRS.

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.

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

	General Fund	Rainy Day Fund	Cumulative Fund	Totals
Cash and investments - beginning	\$ 49,727	\$ 100,805	\$ 65,544	\$ 216,076
Receipts:				
Taxes	1,566,327	-	3,956	1,570,283
Intergovernmental	574,936	41,631	-	616,567
Other receipts	192,105	20,121	319,155	531,381
Total receipts	<u>2,333,368</u>	<u>61,752</u>	<u>323,111</u>	<u>2,718,231</u>
Disbursements:				
Personal services	1,327,544	-	-	1,327,544
Supplies	104,597	-	-	104,597
Other services and charges	160,798	-	-	160,798
Capital outlay	160,000	3,104	207,602	370,706
Other disbursements	339,315	20,000	-	359,315
Total disbursements	<u>2,092,254</u>	<u>23,104</u>	<u>207,602</u>	<u>2,322,960</u>
Excess (deficiency) of receipts over disbursements	<u>241,114</u>	<u>38,648</u>	<u>115,509</u>	<u>395,271</u>
Cash and investments - ending	<u>\$ 290,841</u>	<u>\$ 139,453</u>	<u>\$ 181,053</u>	<u>\$ 611,347</u>

PERRY-CLEAR CREEK 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 Fund	Cumulative Fund	Totals
Cash and investments - beginning	\$ 290,841	\$ 139,454	\$ 181,053	\$ 611,348
Receipts:				
Taxes	1,269,999	-	-	1,269,999
Intergovernmental	524,689	-	-	524,689
Charges for services	-	-	13,200	13,200
Other receipts	196,596	44	297,488	494,128
Total receipts	<u>1,991,284</u>	<u>44</u>	<u>310,688</u>	<u>2,302,016</u>
Disbursements:				
Personal services	1,440,852	-	-	1,440,852
Supplies	53,481	-	-	53,481
Other services and charges	172,693	-	-	172,693
Debt service - principal and interest	-	-	187,038	187,038
Capital outlay	49,700	-	12,962	62,662
Other disbursements	212,643	139,384	99,132	451,159
Total disbursements	<u>1,929,369</u>	<u>139,384</u>	<u>299,132</u>	<u>2,367,885</u>
Excess (deficiency) of receipts over disbursements	<u>61,915</u>	<u>(139,340)</u>	<u>11,556</u>	<u>(65,869)</u>
Cash and investments - ending	<u>\$ 352,756</u>	<u>\$ 114</u>	<u>\$ 192,609</u>	<u>\$ 545,479</u>

PERRY-CLEAR CREEK 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 Fund	Cumulative Fund	Totals
Cash and investments - beginning	\$ 352,756	\$ 114	\$ 192,609	\$ 545,479
Receipts:				
Taxes	1,441,539	-	-	1,441,539
Intergovernmental	573,990	-	-	573,990
Charges for services	-	-	13,200	13,200
Other receipts	58,744	-	270,160	328,904
Total receipts	<u>2,074,273</u>	<u>-</u>	<u>283,360</u>	<u>2,357,633</u>
Disbursements:				
Personal services	1,480,980	-	-	1,480,980
Supplies	52,572	-	-	52,572
Other services and charges	168,237	-	-	168,237
Debt service - principal and interest	-	-	254,076	254,076
Capital outlay	-	-	15,001	15,001
Other disbursements	328,811	-	-	328,811
Total disbursements	<u>2,030,600</u>	<u>-</u>	<u>269,077</u>	<u>2,299,677</u>
Excess (deficiency) of receipts over disbursements	<u>43,673</u>	<u>-</u>	<u>14,283</u>	<u>57,956</u>
Cash and investments - ending	<u>\$ 396,429</u>	<u>\$ 114</u>	<u>\$ 206,892</u>	<u>\$ 603,435</u>

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 25,476</u>	<u>\$ -</u>

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Fire Truck Purchase	\$ 296,746	\$ 156,564
Notes and loans payable	Real Estate Purchase	<u>97,726</u>	<u>30,474</u>
Total governmental activities		<u>394,472</u>	<u>187,038</u>
Totals		<u>\$ 394,472</u>	<u>\$ 187,038</u>

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 70,000
Buildings	919,119
Improvements other than buildings	112,993
Machinery, equipment, and vehicles	<u>3,406,323</u>
 Total governmental activities	 <u>4,508,435</u>
 Total capital assets	 <u>\$ 4,508,435</u>

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT

The Annual Report for 2010 contained a material error and did not properly reflect the financial activity of the Perry-Clear Creek Fire Protection District. An adjustment of \$257,190 was made with approval of management.

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

"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."

PERRY-CLEAR CREEK FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 17, 2013, with Roger W. Stewart, Fiscal Officer; Natalie Blaise, Business Manager; and James Dunning, Business Administrator. The officials concurred with our finding.