

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT

JOHNSON COUNTY, INDIANA

January 1, 2010 to December 31, 2015



FILED
07/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fire Chief	Jeremy A. Pell	01-01-10 to 12-31-17
Fiscal Officer	Jonathan D. Raker Charles Shufflebarger	01-01-10 to 12-31-15 01-01-16 to 12-31-17
President of the Board	James Dodson Butch Sutton Kevan Crawley	01-01-10 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE WHITE RIVER TOWNSHIP FIRE
PROTECTION DISTRICT, JOHNSON COUNTY, INDIANA

We have reviewed the accompanying financial statements of the White River Township Fire Protection District (District), for the period of January 1, 2010 to December 31, 2015. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the District uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

April 6, 2017

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

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WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2010 and 2011

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 2,556,117	\$ 6,451,948	\$ 6,169,724	\$ 2,838,341	\$ 6,473,484	\$ 6,460,669	\$ 2,851,156
Rainy Day	788,897	240,949	-	1,029,846	1,761	-	1,031,607
Building Debt	228,448	477,479	468,290	237,637	244,406	468,340	13,703
Cadet	115	-	-	115	-	-	115
Capital	300,000	-	-	300,000	-	-	300,000
Cumulative	1,770,684	287,996	984,029	1,074,651	278,874	135,738	1,217,787
House	<u>7,439</u>	<u>16,234</u>	<u>23,372</u>	<u>301</u>	<u>16,381</u>	<u>16,513</u>	<u>169</u>
Totals	<u>\$ 5,651,700</u>	<u>\$ 7,474,606</u>	<u>\$ 7,645,415</u>	<u>\$ 5,480,891</u>	<u>\$ 7,014,906</u>	<u>\$ 7,081,260</u>	<u>\$ 5,414,537</u>

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

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
General Fund	\$ 2,851,156	\$ 7,085,565	\$ 6,624,377	\$ 3,312,344	\$ 7,100,901	\$ 6,578,880	\$ 3,834,365
Rainy Day	1,031,607	4,262	-	1,035,869	2,165	-	1,038,034
Building Debt	13,703	-	-	13,703	-	-	13,703
Cadet	115	-	-	115	-	-	115
Capital	300,000	-	-	300,000	-	-	300,000
Cumulative	1,217,787	348,473	568,436	997,824	534,343	62,616	1,469,551
House	<u>169</u>	<u>16,661</u>	<u>16,608</u>	<u>222</u>	<u>18,052</u>	<u>18,064</u>	<u>210</u>
Totals	<u>\$ 5,414,537</u>	<u>\$ 7,454,961</u>	<u>\$ 7,209,421</u>	<u>\$ 5,660,077</u>	<u>\$ 7,655,461</u>	<u>\$ 6,659,560</u>	<u>\$ 6,655,978</u>

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

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
General Fund	\$ 3,834,365	\$ 7,575,882	\$ 7,232,228	\$ 4,178,019	\$ 7,562,752	\$ 7,419,965	\$ 4,320,806
Rainy Day	1,038,034	1,634	-	1,039,668	928	-	1,040,596
Building Debt	13,703	-	-	13,703	-	-	13,703
Cadet	115	-	-	115	-	115	-
Capital	300,000	-	192,281	107,719	-	-	107,719
Cumulative	1,469,551	517,088	1,887,409	99,230	575,350	459,028	215,552
House	<u>210</u>	<u>15,714</u>	<u>15,714</u>	<u>210</u>	<u>15,155</u>	<u>15,044</u>	<u>321</u>
Totals	<u>\$ 6,655,978</u>	<u>\$ 8,110,318</u>	<u>\$ 9,327,632</u>	<u>\$ 5,438,664</u>	<u>\$ 8,154,185</u>	<u>\$ 7,894,152</u>	<u>\$ 5,698,697</u>

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

WHITE RIVER TOWNSHIP 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 include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Amounts received 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).

Other receipts. Amounts received from various sources, including, but 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 include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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.

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for amounts 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 amounts 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.

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 a cost-sharing 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
One North Capitol, 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.

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. 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
One North Capitol, 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.

C. Additional Pension Plans - 457 Fire Pension Plan

The District also contributes to an additional pension plan unique to the District. Information regarding these plans may be obtained from the District.

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
REVIEW RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

A review of the monthly reconcilments of the District's bank accounts indicated that the record balances were not fully reconciled to the depository balances during the review period. The bank reconcilments reported items that were financial activity that needed to be recorded as deposits in transit. As of December 31, 2015, the bank account reconciliations identified cash long in the amount of \$5,361.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ANNUAL FINANCIAL REPORT

The Annual Financial Reports (AFR) filed for 2010 through 2015 contained a number of errors and did not match the District's records.

The AFRs were used to compile the financial statements presented for review; therefore, the financial statements contained the same errors. Adjustments were proposed, approved by management, and made to the financial statements presented in this report.

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."

WHITE RIVER TOWNSHIP FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2017, with Jeremy A. Pell, Fire Chief; Charles Shufflebarger, Fiscal Officer; and Ben Roeger, Accountant.



White River Township Fire Department

April 17, 2017

850 South Mullinix Road
Greenwood, IN 46143

Administration:
(317) 888-8337

Administration Fax:
(317) 888-9426

State Board of Accounts
State of Indiana
302 West Washington Street, Room E418
Indianapolis, Indiana 46204

**RE: Response to SBA Audit for the Period of January 1, 2010 to
December 31, 2015
White River Township Fire Protection District, Johnson County**

Ladies and Gentlemen:

This letter will serve as the response of the White River Township Fire Protection District of Johnson County (the "District") to the draft Audit Report which we recently received for the above referenced audit period. It also serves to supplement the discussions that occurred throughout the audit process between the District's Fire Chief, Jeremy Pell, and your staff. We appreciate your efforts over the past several weeks and consideration of this response. We ask that it be included in your final report. This response relates to the two findings listed in the Audit Report.

1. **Bank Account Reconciliation**

The Audit Report provides in part that: "the District's bank accounts indicated the record balances were not fully reconciled to the depository balances during the engagement period."

Response:

The District has adjusted its recorded receipts. The record balance and the depository balance as of December 31, 2015, are now equal. In the future, adjustments of this kind will be recorded monthly.

2. **Annual Report**

The Audit Report provides in part that: "The Annual Financial Report (AFR) filed for 2010 through 2015 contained a number of errors and did not properly reflect the financial activity of the District."

Response:

*"Serving through Innovation
and Excellence."*

Jeremy A. Pell
Fire Chief

Jeffrey A. Wilson
Deputy Chief

Kevin D. Skipper
Support Services Chief

Dale O. Saucier
Training & Safety Chief

Michael L. Arany
Fire Marshal

Craig D. Zollars
Staff Officer
Life Safety Education

Be sure to visit the
Department's website at
www.wrtfd.org



White River Township Fire Department

~ Administrative Division ~

The District will make changes as part of amended AFR filings on the Gateway website. The majority of these changes will be reallocations of bank account receipts among funds. Other changes will be based on timing of receipts and expenditures. For the bank account interest receipts, these changes will reflect the fact that bank account interest was shown receipted in different funds for purposes of the recorded balance and for purposes of the AFR. In the future, interest will be recorded in the same funds for both purposes.

We appreciate the State Board of Accounts' assistance with these matters.

Very truly yours,

Jeremy Pell, Fire Chief

White River Township Fire Protection District

Enclosures

Cc: Members, District Board
Fire Chief, Jeremy Pell
Brian Bosma, Counsel for the District

2015 Reclassification of Fund Balances
White River Township Fire
Revised April 13, 2017

<u>Fund</u>	<u>Balance per Gateway</u>	<u>Balance per District Workpaper</u>	<u>Difference</u>	<u>Proposed Adjustment</u>
General Fund	4,449,215.16	4,455,703.11	6,487.95	Increase Mis. Receipts by difference
Rainy Day Fund	1,037,958.75	1,040,596.92	2,638.17	Increase Mis. Receipts by difference
Building Debt Fund	13,703.46	13,703.46	-	
Cadet Fund	-	-	-	
Capital Fund	107,719.23	107,719.23	-	
Cumulative Fund	227,658.13	219,076.85	(8,581.28)	Increase Mis. Disbursements by difference
House Fund	868.13	868.13	-	
Total	5,837,122.86	5,837,667.70	544.84	