



STATE OF INDIANA
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November 17, 2009

Board of Directors
Gregg Township Volunteer
Fire Department, Inc.
6249 N. Baltimore Road
Monrovia, IN 46157

We have reviewed the audit report prepared by Donovan & Thomas, PC, Independent Public Accountants, for the period January 1, 2006 to December 31, 2006. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Gregg Township Volunteer Fire Department, Inc., as of December 31, 2006, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT
(A Non-Profit Organization)

FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

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Donovan & Thomas

A Professional Corporation

Certified Public Accountants

Robert M. Donovan, CPA

Paul A. Thomas, CPA

Jeffrey M. Donovan, CPA, CVA, CFFA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gregg Township Volunteer Fire Department
Monrovia, Indiana

We have audited the accompanying statement of financial position-modified cash basis of Gregg Township Volunteer Fire Department (a non-profit organization) as of December 31, 2006 and the related statement of activities and changes in net assets-modified cash basis and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gregg Township Volunteer Fire Department as of December 31, 2006 and the changes in its net assets and its cash flows for the year then ended in conformity with the cash basis of accounting.

DONOVAN & THOMAS, P.C.

Donovan & Thomas, P.C.

August 15, 2007

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GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
December 31, 2006

ASSETS

Current assets:		
Cash	\$ 21,873	
Refundable penalties	<u>987</u>	
Total current assets		\$ 22,860
Fixed assets:		
Automobiles	819,187	
Firefighting Equipment	64,855	
Less accumulated depreciation	<u>(745,883)</u>	
Net fixed assets		138,159
Investments:		
Certificates of deposit (Note 3)	8,599	
Land	<u>83,745</u>	
Total investments		<u>92,344</u>
Total assets		\$ <u>253,363</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Current portion of obligations under capital lease		\$ 40,649
Obligations under capital lease, net of current portion (Note 4)		229,649
Net assets - unrestricted		<u>(16,935)</u>
Total liabilities and net assets		\$ <u>253,363</u>

See independent auditors' report and accompanying notes.

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
For the Year Ended December 31, 2006

Income and support:		
Grants	\$ 118,899	
Ambulance services	79,823	
Fire protection services	24,360	
Public support	18,838	
Other income	9,349	
Investment income (Note 3)	<u>528</u>	
Total income and support		\$ 251,797
Expenses:		
Payroll and related taxes	157,470	
Depreciation	63,047	
Insurance	43,411	
Maintenance	24,193	
Ambulance and auto expense	18,911	
Utilities	10,468	
Supplies	8,341	
Continuing education	4,634	
Miscellaneous	3,297	
Professional fees	<u>2,855</u>	
Total expenses		<u>336,627</u>
Change in net assets		(84,830)
Net assets – beginning of year		<u>67,895</u>
Net assets – end of year		<u>\$ (16,935)</u>

See independent auditors' report and accompany notes.

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

Cash flows from operating activities:		
Change in assets	\$(84,830)	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	63,047	
Change in certain assets and liabilities:		
Refundable penalties	(987)	
Change in value of investments	(304)	
Net cash used in operating activities		\$(23,074)
Cash flows from investing activities:		
Purchases of equipment		(35,852)
Cash flows from financing activities:		
Payments on obligations under capital lease		(72,933)
Net change in cash		(131,859)
Cash at beginning of year		<u>153,732</u>
Cash at end of year		\$ <u>21,873</u>

See independent auditors' report and accompanying notes.

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006

NOTE 1 - NATURE OF OPERATIONS

The Gregg Township Volunteer Fire Department, Inc. was formed in 1954 as a not-for-profit corporation for the purpose of providing fire and ambulance services to the town of Monrovia, Indiana and surrounding communities. Substantially all financial support is provided by township grants and private insurance reimbursements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Organization's policy is to prepare audited financial statements on the modified cash basis of accounting; consequently, support and income are recognized when received, rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Fixed Assets – Equipment is stated at cost and is depreciated over the estimated useful lives using the same accelerated methods for income tax reporting.

Income Taxes – The Organization is a not-for-profit corporation approved under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not liable for income taxes.

Use of Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 3 - INVESTMENTS

Investments are composed of land, stated at cost; and four certificates of deposit with Citizens Bank. The certificates are currently earning interest at a rate of 4% and are stated at fair value. The amount of interest earned in 2006 was \$304.

The four certificates of deposit subsequently have been redeemed in 2007 and put into the Organizations operating account.

See independent auditors' report.

GREGG TOWNSHIP VOLUNTEER FIRE DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2006

NOTE 4 - LEASING ARRANGEMENTS

The Organization currently has made commitments with two banks to account for purchases of two of its autos under capital lease arrangements.

5.15% lease payable to Old National Bank, due January 22, 2012 in annual installments on October 1 of \$20,000 including interest; secured by 2002 Spartan Truck	\$ 149,824
5.32% lease payable to National City Bank due December 22, 2012 in annual installments on January 22 of \$20,649 including interest; secured by 2001 International	<u>120,474</u>
Total long-term leases payable	270,298
Less current portion	<u>(40,649)</u>
	<u>\$ 229,649</u>

Maturities of long-term leases are as follows:

2007	\$ 40,649
2008	40,649
2009	40,649
2010	40,649
2011	<u>40,649</u>
	<u>\$ 203,245</u>

NOTE 5 - SUBSEQUENT EVENTS

In 2007, the organization applied with the state of Indiana for emergency funds to cover the anticipated short-fall of funds between income and expenses budgeted in 2007. The anticipated amount was denied by the State. In order to continue service, the organization decreased payroll thru layoffs of permanent employees and delayed purchases of new equipment.

See independent auditors' report.