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January 21, 2010

Board of Directors  
Nineveh Township Volunteer  
Fire Department, Inc.  
P.O. Box 206  
Nineveh, IN 46164

We have reviewed the audit report prepared by Peachin, Schwartz & Weingardt, PC, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. 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 Nineveh Township Volunteer Fire Department, Inc., as of June 30, 2008, 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

**NINEVEH TOWNSHIP  
VOLUNTEER FIRE DEPARTMENT, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2008 AND 2007**

**NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.**

**YEARS ENDED JUNE 30, 2008 AND 2007**

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PEACHIN, SCHWARTZ & WEINGARDT, P.C.  
*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Nineveh Township Volunteer Fire Department, Inc.  
Nineveh, Indiana

We have audited the accompanying statement of financial position of Nineveh Township Volunteer Fire Department, Inc. (an Indiana Not-for-Profit organization), as of June 30, 2008, and the related statements of activities and changes in net assets 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 audits. The financial statements of Nineveh Township Volunteer Fire Department, Inc. as of June 30, 2007, were audited by other auditors whose report dated October 12, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 2008 financial statements referred to above present fairly, in all material respects, the financial position of Nineveh Township Volunteer Fire Department, Inc., as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Peachin, Schwartz & Weingardt, P.C.*

January 19, 2009  
Indianapolis, Indiana

**NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.**

**STATEMENTS OF FINANCIAL POSITION**

JUNE 30, 2008 AND 2007

| <b>ASSETS</b>   |                   |                   |
|---|-------------------|-------------------|
|   | <b>2008</b>       | <b>2007</b>       |
| <b>Current assets:</b>  |                   |                   |
| Cash and cash equivalents   | \$ 106,529        | \$ 95,226         |
| Accounts receivable - fire district contract                            | 66,000            | 63,500            |
| Prepaid expenses  | 1,663             | 2,902             |
| <b>Total current assets</b>   | <b>174,192</b>    | <b>161,628</b>    |
| <b>Property and equipment, net</b> <i>(Notes 2 and 3)</i>               | <b>193,518</b>    | <b>200,982</b>    |
|   | <b>\$ 367,710</b> | <b>\$ 362,610</b> |
| <b>LIABILITIES AND NET ASSETS</b>                                       |                   |                   |
| <b>Current liabilities:</b>   |                   |                   |
| Accounts payable  | \$ 1,433          | \$ 500            |
| Deferred revenue  | 2,509             | 2,273             |
| Current portion of capital lease obligation <i>(Note 2)</i>             | 20,816            | 19,370            |
| <b>Total current liabilities</b>  | <b>24,758</b>     | <b>22,143</b>     |
| <b>Capital lease obligation, net of current portion</b> <i>(Note 2)</i> | -                 | 20,437            |
| <b>Total liabilities</b>  | <b>24,758</b>     | <b>42,580</b>     |
| <b>Unrestricted net assets:</b>   |                   |                   |
| Undesignated  | 163,400           | 157,028           |
| Net investment in property and equipment                                | 173,489           | 161,175           |
|   | <b>336,889</b>    | <b>318,203</b>    |
| <b>Temporarily restricted net assets - severe weather alert project</b> | <b>6,063</b>      | <b>1,827</b>      |
| <b>Total net assets</b>   | <b>342,952</b>    | <b>320,030</b>    |
|   | <b>\$ 367,710</b> | <b>\$ 362,610</b> |

**NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.**

**STATEMENTS OF ACTIVITIES AND  
CHANGES IN NET ASSETS**

**YEARS ENDED JUNE 30, 2008 AND 2007**

|   | 2008              |                           |                   | 2007              |
|---|-------------------|---------------------------|-------------------|-------------------|
|   | Unrestricted      | Temporarily<br>Restricted | Total             | Totals            |
| <b>Support:</b>   |                   |                           |                   |                   |
| Public support:   |                   |                           |                   |                   |
| Donations   | \$ 821            | \$ -                      | \$ 821            | \$ 720            |
| Noncash gift  | -                 | -                         | -                 | 11,999            |
| Turkey supper   | 5,782             | -                         | 5,782             | 4,957             |
| Project severe weather alert donations                  | -                 | 4,221                     | 4,221             | 1,827             |
|   | <u>6,603</u>      | <u>4,221</u>              | <u>10,824</u>     | <u>19,503</u>     |
| <b>Revenues:</b>  |                   |                           |                   |                   |
| Fire district contract <i>(Note 5)</i>                  | 132,500           | -                         | 132,500           | 127,000           |
| Camp Atterbury contract <i>(Note 5)</i>                 | 6,952             | -                         | 6,952             | 8,375             |
| Johnson County Park contract <i>(Note 5)</i>            | 1,348             | -                         | 1,348             | 2,150             |
| Fire run income   | 2,005             | -                         | 2,005             | 1,993             |
| Other income  | 4,149             | -                         | 4,149             | 1,755             |
| Interest income   | 3,480             | 15                        | 3,495             | 3,786             |
|   | <u>150,434</u>    | <u>15</u>                 | <u>150,449</u>    | <u>145,059</u>    |
| <b>Total support and revenues</b>                       | <u>157,037</u>    | <u>4,236</u>              | <u>161,273</u>    | <u>164,562</u>    |
| <b>Expenses:</b>  |                   |                           |                   |                   |
| Program service - fire protection and emergency service | 86,328            | -                         | 86,328            | 121,061           |
| Supporting activities:                                  |                   |                           |                   |                   |
| Management and general                                  | 49,778            | -                         | 49,778            | 23,840            |
| Fund-raising: turkey dinner expenses                    | 2,245             | -                         | 2,245             | 2,073             |
|   | <u>138,351</u>    | <u>-</u>                  | <u>138,351</u>    | <u>146,974</u>    |
| <b>Increase in net assets</b>                           | 18,686            | 4,236                     | 22,922            | 17,588            |
| Net assets, beginning of year                           | <u>318,203</u>    | <u>1,827</u>              | <u>320,030</u>    | <u>302,442</u>    |
| <b>Net assets, end of year</b>                          | <u>\$ 336,889</u> | <u>\$ 6,063</u>           | <u>\$ 342,952</u> | <u>\$ 320,030</u> |

**NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2008 AND 2007**

|  | <u>2008</u>       | <u>2007</u>      |
|--|-------------------|------------------|
| <b>Cash flows from operating activities:</b>   |                   |                  |
| Increase in net assets   | \$ 22,922         | \$ 17,588        |
| <b>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</b> |                   |                  |
| Depreciation   | 37,636            | 48,023           |
| Non-cash gift  | -                 | (11,999)         |
| <b>Changes in operating assets and liabilities:</b>  |                   |                  |
| (Increase) in accounts receivable - fire district  | (2,500)           | -                |
| (Increase) decrease in prepaid expenses  | 1,239             | (42)             |
| Increase (decrease) in accounts payable  | 933               | (7,260)          |
| Increase (decrease) in deferred revenue  | 236               | (925)            |
| <b>Total adjustments</b>   | <u>37,544</u>     | <u>27,797</u>    |
| <b>Net cash provided by operating activities</b>   | <u>60,466</u>     | <u>45,385</u>    |
| <b>Cash flows from investing activities:</b>   |                   |                  |
| Purchase of property and equipment   | <u>(30,172)</u>   | <u>(8,398)</u>   |
| <b>Net cash used in investing activities</b>   | <u>(30,172)</u>   | <u>(8,398)</u>   |
| <b>Cash flows from financing activities:</b>   |                   |                  |
| Principal repayments on capital lease obligations  | <u>(18,991)</u>   | <u>(45,735)</u>  |
| <b>Net cash used in financing activities</b>   | <u>(18,991)</u>   | <u>(45,735)</u>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | 11,303            | (8,748)          |
| Cash and cash equivalents, beginning of year   | <u>95,226</u>     | <u>103,974</u>   |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 106,529</u> | <u>\$ 95,226</u> |
| <b>Supplemental disclosure of cash flow information:</b>   |                   |                  |
| Cash paid during the year for interest   | <u>\$ 1,865</u>   | <u>\$ 3,664</u>  |

# NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

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### *1. Organization and summary of significant accounting policies:*

#### *Organization:*

Nineveh Township Volunteer Fire Department, Inc. (the "Department") was incorporated in November 1955. The Department provides fire protection and emergency services to those within the Department's geographic boundaries. The value of the human life and property saved is immeasurable.

#### *Summary of significant accounting policies:*

The following is a summary of significant accounting policies followed in the preparation of the financial statements:

#### *Basis of presentation*

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted.

The following classes of net assets are maintained:

#### *Unrestricted Net Assets*

The unrestricted net asset class includes general and board-designated assets and liabilities of the Department. The unrestricted net assets of the Department may be used at the discretion of management to support the Department's purposes and operations.

#### *Temporarily Restricted Net Assets*

The temporarily restricted net assets class includes assets that have donor restrictions for specific purposes or those not currently available for use until commitments regarding their use have been fulfilled.

#### *Permanently Restricted Net Assets*

The permanently restricted net assets are those contributed with donor restrictions requiring they be held in perpetuity. During the years ended June 30, 2008 and 2007, the Department did not have any permanently restricted net assets.

NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2008 AND 2007

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1. *Organization and summary of significant accounting policies (continued):*

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ materially from those estimates. These estimates are based on historical experience and information that is available to management about current events and actions the Department may take in the future. Significant items subject to estimates and assumptions include, but are not limited to, the carrying value of long-lived assets; valuation allowances for receivables; and depreciable lives of assets.

*Cash equivalents*

For the purposes of reporting cash flows, the Department considers all liquid investments with an original maturity of three months or less to be cash equivalents.

*Property and equipment*

Property and equipment are recorded at historical cost. The Department capitalizes all property and equipment acquisitions in excess of \$300. Donations of property and equipment are recorded as support at their fair value at the date of donation. Depreciation is provided on the straight-line method based on estimated useful lives of the various assets. The useful lives of property and equipment for purposes of computing depreciation are:

| Asset category            | Life (In Years) |
|---------------------------|-----------------|
| Building and improvements | 39              |
| Equipment                 | 5-7             |
| Vehicles                  | 5-7             |

Expenditures for normal repairs and maintenance are charged to operations as incurred. The cost of property and equipment retired or otherwise disposed of and the related accumulated depreciation are removed from the accounts in the year of disposal with the resulting gain or loss reflected in earnings or in the cost of the replacement assets.

Certain property and equipment is pledged as collateral for a capital lease obligation (*see Notes 2 and 3*).

NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2008 AND 2007

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*1. Organization and summary of significant accounting policies (continued):*

***Contributed services***

The Department's services could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the requirements under current accounting standards, *Financial Accounting Standards Board Statement No. 116*.

***Income taxes***

The Department is exempt from federal and state income taxes under section 501 (c)4 of the United States Internal Revenue Code (the "Code") and comparable state law. The Department is also classified as a publicly supported organization, which is not a private foundation under Section 509(a)2 of the Code. Contributions to the Department are deductible for income tax purposes.

***Public support, revenue and accounts receivable***

Revenue is reported when earned and support when contributions are made, which may be when cash is received, unconditional promises to give are made, or ownership of other assets is transferred to the Department.

Accounts receivable represent amounts due under a contract with the local fire district. Amounts recorded as accounts receivable at June 30, 2008 and 2007 were received in July of the subsequent fiscal years, respectively.

***Functional allocation of expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Fair value of financial instruments***

Cash and cash equivalents and accounts receivable are financial assets with carrying values that approximate fair value. Accounts payable, deferred revenue, and capital lease obligations are financial liabilities with carrying values that approximate fair value. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2008 AND 2007

1. *Organization and summary of significant accounting policies (continued):*

*Concentrations of credit risk*

Financial instruments that potentially subject the Department to credit risk consist principally of cash and cash equivalents. The Department attempts to minimize credit risk by maintaining its cash deposits with major banks and financial institutions. Accounts at each such institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times, such cash balances are in excess of the insurance limit. Management of the Department does not expect any counterparties to fail to meet their obligations.

2. *Capital lease obligation:*

The Department has an equipment capital lease secured by a 2000 Pierce Fire Truck. The lease is payable in semiannual installments of \$10,428, including interest at 5.5%. The lease matures in May, 2009. Amounts due under the capital lease totaled \$20,816 and \$39,807 at June 30, 2008 and 2007, respectively. Property held under capital lease has a cost basis of \$189,033 and is fully depreciated.

Minimum future lease payments total \$20,856. The present value of the net minimum lease payments, net of interest, is \$20,816.

3. *Property and equipment:*

At June 30, 2008 and 2007, property and equipment consisted of the following:

|  | <u>2008</u>       | <u>2007</u>       |
|--|-------------------|-------------------|
| Vehicles                                       | \$ 549,142        | \$ 549,142        |
| Equipment                                      | 260,963           | 243,252           |
| Building and improvements                      | 121,858           | 116,033           |
| Office equipment                               | 9,764             | 3,128             |
|  | <u>941,727</u>    | <u>911,555</u>    |
| Less accumulated depreciation and amortization | <u>(753,209)</u>  | <u>(715,573)</u>  |
|  | 188,518           | 195,982           |
| Land   | 5,000             | 5,000             |
|  | <u>\$ 193,518</u> | <u>\$ 200,982</u> |

The provision for depreciation and amortization was \$37,636 and \$48,023 for the years ended June 30, 2008 and 2007, respectively.

**NINEVEH TOWNSHIP VOLUNTEER FIRE DEPARTMENT, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED JUNE 30, 2008 AND 2007**

**4. Cadet Program activities:**

The Department coordinates and manages a Cadet Program for the training of future volunteer fire fighters. The Department's Cadet Program had activities as follows for the years ended June 30, 2008 and 2007:

|  | <u>2008</u>   |    | <u>2007</u>  |
|--|---------------|----|--------------|
| Income                                 |               |    |              |
| Fundraising                            | \$ 56         | \$ | 1,431        |
| Other income                           | -             |    | 127          |
| Donations                              | <u>294</u>    |    | <u>250</u>   |
|  | <u>350</u>    |    | <u>1,808</u> |
| Expenses:                              |               |    |              |
| Membership                             | -             |    | 232          |
| Fundraising                            | 20            |    | 1,182        |
| Training                               | -             |    | 146          |
| Equipment                              | -             |    | 149          |
| Other expenses                         | <u>20</u>     |    | <u>309</u>   |
|  | <u>40</u>     |    | <u>2,018</u> |
| Net activities for year ended June 30, | \$ <u>310</u> | \$ | <u>(210)</u> |

**5. Concentration of government revenue risk:**

For the years ended June 30, 2008 and 2007, government contracts accounted for approximately 90% and 84% of total Department revenues and support respectively. Based on the tight budget at the state and local levels, the Department's governmental revenue is subject to the increases and/or decreases allocated by the various governmental units.

**6. Subsequent event:**

Subsequent to June 30, 2008, the Department received equipment under a long-term capital lease agreement. The total purchase price of the equipment is \$325,137. The Department financed \$245,137 over ten years at 4.33%.