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April 21, 2011

Board of Directors
Bristol Fire Department Corporation
405 E. Elkhart St.
Bristol, IN 46507

We have reviewed the audit report prepared by Kruggel, Lawton & Company, LLC, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. 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 statement of assets, liabilities, and net assets included in the report presents fairly the financial condition of the Bristol Fire Department Corporation, as of December 31, 2009, on the basis of accounting described in the report. Since the Company did not maintain adequate accounting records, and the auditors were unable to satisfy themselves about the expense account balances in the financial statements as of December 31, 2009, the scope of their work was not sufficient to enable them to express, and they did not express, an opinion on the results of operations and cash flows for the year ended December 31, 2009.

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

STATE BOARD OF ACCOUNTS



ANNUAL REPORT
December 31, 2009



Elkhart, Indiana

BRISTOL FIRE DEPARTMENT CORPORATION

Bristol, Indiana

ANNUAL REPORT

December 31, 2009

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Bristol Fire Department Corporation
Bristol, Indiana

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of Bristol Fire Department Corporation as of December 31, 2009, and the related statements of revenue and expenses - modified cash basis, expenses by functional and natural classification - modified cash basis, and cash flows - modified cash basis 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.

Except as explained in the following paragraph, 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 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.

The Organization has not maintained adequate accounting records for the year ended December 31, 2009, and we were unable to apply procedures to determine whether the expense accounts in the financial statements as of December 31, 2009, were fairly presented on the modified cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Since the Company did not maintain adequate accounting records, and we were unable to satisfy ourselves about the expense account balances in the financial statements as of December 31, 2009, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the results of operations and cash flows for the year ended December 31, 2009.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the statement of assets, liabilities, and net assets - modified cash basis referred to in the first paragraph presents fairly, in all material respects, the financial position of Bristol Fire Department Corporation as of December 31, 2009, on the basis of accounting described in Note 1.

Respectfully submitted,

Kruggel, Lawton & Company, LLC
Certified Public Accountants

Elkhart, Indiana
February 28, 2011

Kruggel, Lawton & Company LLC kicpas.com

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Members of the American Institute of Certified Public Accountants and the Indiana CPA Society

BRISTOL FIRE DEPARTMENT CORPORATIONBristol, Indiana

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

December 31, 2009

(See Report of Independent Auditors)

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	132,978
Investments	31,775
Total Current Assets	164,753

PROPERTY AND EQUIPMENT

Buildings and improvements	1,537,611
Equipment	35,288
Furniture and fixtures	1,713
Vehicles	940,546
Total	2,515,158
Accumulated depreciation	1,123,872
Net Property and Equipment	1,391,286

TOTAL ASSETS**1,556,039****LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Current portion of long-term debt	38,945
Accrued payroll taxes and related withholdings	11,620
Other current liabilities	8,739
Total Current Liabilities	59,304

LONG-TERM DEBT

715,117

TOTAL LIABILITIES**774,421****UNRESTRICTED NET ASSETS**

781,618

TOTAL LIABILITIES AND NET ASSETS**1,556,039**

The Notes to Financial Statements are an integral part of this statement.

BRISTOL FIRE DEPARTMENT CORPORATIONBristol, Indiana

STATEMENT OF REVENUE AND EXPENSES - MODIFIED CASH BASIS

For the Year Ended December 31, 2009

(See Report of Independent Auditors)

(UNAUDITED)**UNRESTRICTED NET ASSETS**

Revenue	
Contract revenue	565,000
Service revenue	97,958
Interest income	1,268
Loss on sale of assets	(1,522)
Total Revenue	662,704
Expenses	
Program services	512,304
Supporting services:	
Management and general	40,096
Total Expenses	552,400
INCREASE IN UNRESTRICTED NET ASSETS	110,304
NET ASSETS AT BEGINNING OF YEAR	671,314
NET ASSETS AT END OF YEAR	781,618

The Notes to Financial Statements are an integral part of this statement.

BRISTOL FIRE DEPARTMENT CORPORATIONBristol, Indiana

**STATEMENT OF EXPENSES BY FUNCTIONAL AND NATURAL CLASSIFICATION - MODIFIED
CASH BASIS**

For the Year Ended December 31, 2009

(See Report of Independent Auditors)

(UNAUDITED)Supporting Services

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	209,557	0	209,557
Contract labor - volunteers	34,430	0	34,430
Payroll taxes	16,751	0	16,751
Fuel expense	9,341	0	9,341
Employee benefits	11,898	0	11,898
Utilities	28,284	0	28,284
Education	3,028	0	3,028
Interest expense	42,562	0	42,562
Depreciation	49,463	0	49,463
General insurance	38,395	0	38,395
Miscellaneous	18,255	0	18,255
Medical	5,805	0	5,805
Pension expense	343	0	343
Repairs and maintenance	17,316	0	17,316
Supplies	26,876	0	26,876
Property taxes	0	747	747
Advertising	0	1,030	1,030
Professional fees	0	23,336	23,336
Office supplies	0	130	130
Telephone	0	6,239	6,239
Bank fees	0	444	444
Outside services	0	395	395
Penalties	0	7,775	7,775
Total	512,304	40,096	552,400

The Notes to Financial Statements are an integral part of this statement.

BRISTOL FIRE DEPARTMENT CORPORATIONBristol, Indiana

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

For the Year Ended December 31, 2009

(See Report of Independent Auditors)

(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	110,304
Adjustments to reconcile changes in net assets to net cash from operating activities:	
Depreciation	49,463
Loss on sale of assets	1,522
Adjustments for changes in operating assets and liabilities:	
Accrued payroll taxes and related withholdings	6,077
Other current liabilities	8,739
Net Cash Flows from Operating Activities	176,105
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(12,177)
Net change in investments	24,839
Net Cash Flows from Investing Activities	12,662
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of long-term debt	(63,277)
Net Cash Flows from Financing Activities	(63,277)
INCREASE IN CASH AND CASH EQUIVALENTS	125,490
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,488
CASH AND CASH EQUIVALENTS AT END OF YEAR	132,978
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS	
Interest paid	40,523

The Notes to Financial Statements are an integral part of this statement.

BRISTOL FIRE DEPARTMENT CORPORATION

Bristol, Indiana

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS

December 31, 2009

NATURE OF ACTIVITIES

The Bristol Fire Department Corporation (the Organization) is a nonprofit corporation that is retained by municipalities on an annual basis to provide fire and ambulance service. The Organization is supported primarily from fee for service contracts with three municipalities during 2009, including the Town of Bristol, Washington Township, and York Township. The Organization received and deposited contract revenue of \$565,000 during 2009 which consisted of \$308,000 from the Town of Bristol, \$201,000 from Washington Township, and \$56,000 from York Township. Contracts specifically related to 2009 totaled \$449,000 which consisted of \$208,000 from the Town of Bristol, \$180,000 from Washington Township, and \$61,000 from York Township. Additionally, the Organization provides ambulatory services for which the Organization is also compensated.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FAIR VALUE MEASUREMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 820. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 applies to all assets and liabilities that are measured and reported on a fair value basis. The Organization adopted all provisions of ASC 820 effective January 1, 2009. The adoption of ASC 820 did not have a material impact on the financial statements of the Organization.

CASH

For the purposes of the Statement Of Cash Flows - Modified Cash Basis, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash. Cash is held at several banks and is insured up to limits of the FDIC.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as unrestricted support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. There were no donated assets for the year ended December 31, 2009.

Purchased property and equipment are stated at cost. The cost of property and equipment purchased or donations with an estimated fair value in excess of \$500 are generally capitalized. Expenditures for additions, improvements, and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gain or loss arising from the disposition is reflected in income. Depreciation is provided for over the estimated useful lives of the assets by the straight-line method. Depreciation expense was \$49,463 for the year ended December 31, 2009.

BRISTOL FIRE DEPARTMENT CORPORATION

Bristol, Indiana

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS

December 31, 2009

A summary of the range of lives by asset category follows:

Buildings and improvements	15 - 40 years
Equipment	5 - 12 years
Furniture and fixtures	5 - 12 years
Vehicles	5 - 10 years

INVESTMENTS

In accordance with the requirements of ASC 958-320, Accounting for Certain Investments Held by Not-for-Profit Organizations, the Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis. Gains and losses are reflected as increases or decreases in the unrestricted class of net assets unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses.

Donated securities are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received.

DONATED SERVICES

The Organization records the value of donated services as contributions at their estimated values at date of receipt. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no material donated services for the year ended December 31, 2009.

INCOME TAX STATUS

The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of Indiana tax law. The Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 requires an enterprise to disclose the nature of uncertain tax positions taken, if any, when filing its tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The Organization recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. ASC 740 applies to nonpublic enterprises for periods beginning after December 15, 2008. Management adopted ASC 740 effective January 1, 2009. The adoption of ASC 740 did not have a material impact on the financial statements. Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination.

BRISTOL FIRE DEPARTMENT CORPORATION

Bristol, Indiana

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS

December 31, 2009

NOTE 2 - INVESTMENTS

Investments are stated at market value in the financial statements. Investments consist of the following at December 31, 2009:

Certificate of deposit	31,775
Total	31,775

NOTE 3 - FAIR VALUE MEASUREMENTS

Effective January 1, 2009 the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table presents the Organization's fair value hierarchy for the Organization's investment assets and liabilities at fair value, as of December 31, 2009:

	Quoted Prices In Active Markets For Identical Assets (Level 1)	Direct or Indirect Observable Inputs Other than Level 1 (Level 2)	Unobservable Inputs (Level 3)
Investments - Certificate of deposit	31,775	0	0
Total	31,775	0	0

BRISTOL FIRE DEPARTMENT CORPORATION

Bristol, Indiana

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2009:

A term note payable to JP Morgan Chase Bank NA for an Economic Development Revenue Bond, Series 2004 issued by Elkhart County dated April 30, 2004, in the original amount of \$1,000,000. Interest is charged at a fixed tax-exempt rate of 4.94%. Interest and principal payments are due semiannually in February and August in accordance with the payment schedule set forth in the bond agreement. The bond matures on February 1, 2024. The bond note is secured by the mortgaged property including improvements and personal property therein contained. This arrangement is more fully explained in Note 6.

	754,062
Total	754,062
Current portion	38,945
Net long-term debt	715,117

Long-term debt, less current portion, is scheduled to mature as follows:

2011	40,920
2012	42,899
2013	45,171
2014	47,462
2015 and thereafter	538,665
	715,117

Interest expense on long-term borrowings totaled \$40,523 for the year ended December 31, 2009.

NOTE 5 - RISKS AND UNCERTAINTIES

The Organization receives most of its operating support from fee for service contracts with three municipalities in the immediate area of Bristol, Indiana. The Organization contracts with the Town of Bristol, York Township, and Washington Township to provide fire and ambulatory services to the townships' residents. If the municipalities decide not to renew their annual contracts with the Organization or significantly reduce the Organization's allocated funds, the Organization would not be able to operate.

NOTE 6 - CONTINGENCIES

The Organization has received notices from the Internal Revenue Service (IRS) regarding payroll taxes for the periods of March 31, 2007 and June 30, 2007 that the Organization failed to submit timely. As a result, in addition to the original total payroll tax liability due in the amount of \$6,093, the Organization has also accrued penalties of \$6,699 and interest of \$2,040. The Organization paid these liabilities in full in early 2011.

BRISTOL FIRE DEPARTMENT CORPORATION

Bristol, Indiana

NOTES TO MODIFIED CASH BASIS FINANCIAL STATEMENTS

December 31, 2009

NOTE 7 - BOND AGREEMENT

The Organization is subject to an Economic Development Revenue Bond, Series 2004 agreement with Elkhart County, in the amount of \$1,000,000 payable to JP Morgan Chase Bank NA. The bond was used to providing funding to finance the acquisition, construction, installation and equipping of the fire department. In order to guarantee repayment of the bond, the Organization signed a loan agreement with Elkhart County, Indiana to guarantee repayment of the bond for the benefit of the bondholders. The agreement expires on February 1, 2024.

The note agreement is subject to one financial covenant with which the Organization is in compliance at December 31, 2009.

NOTE 8 - RETIREMENT PLAN

The organization maintains a 401(k) retirement plan for eligible employees. To be eligible, employees must complete 6 months of service and be at least 18 years of age. Employees may make elective deferrals subject to limits set forth by the Internal Revenue Service. The Organization's contributions to the profit sharing plan are made at the discretion of the Board of Directors.

NOTE 9 - SUBSEQUENT EVENTS

The Subsequent Events Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 855 establishes general standards for non-public entities of accounting for and disclosing events that occur after the Statement of Assets, Liabilities, and Net Assets date but before financial statements are available to be issued. Financial statements are considered available to be issued when they are complete in a form and format that complies with accounting principles generally accepted in the United States of America or an other comprehensive basis of accounting and all approvals necessary for issuance have been obtained. Accordingly, management has evaluated events or transactions that occurred after the most recent Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis date of December 31, 2009 through February 28, 2011, the date the financial statements were available to be issued. Management is not required to and has not evaluated events or transactions that occurred after February 28, 2011. As discussed in Note 6, the Organization resolved outstanding liabilities related to unpaid payroll taxes with the Internal Revenue Service in early 2011.