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October 17, 2013

Board of Directors
Fire Department of Liberty Township
111 E. Kentucky St.
Clayton, IN 46118

We have reviewed the audit report prepared by Dunton & Co., PC, 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 financial statements included in the report present fairly the financial condition of the Fire Department of Liberty Township, as of December 31, 2009, 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

**Fire Department of Liberty Township
Hendricks County Indiana, Inc.**

Financial Statements

December 31, 2009 and 2008



Indianapolis, Indiana

**Fire Department of Liberty Township
Hendricks County Indiana, Inc.**

Table of Contents
December 31, 2009 and 2008

Independent Auditor's Report	1
Financial Statements:	
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis	2
Statements of Cash Receipts, Disbursements and Changes in Net Assets – Modified Cash Basis	3
Statements of Cash Flows – Modified Cash Basis	4
Notes to Financial Statements	5-8



Indianapolis, Indiana

Independent Auditor's Report

Board of Directors
Fire Department of Liberty Township
Hendricks County Indiana, Inc.

We have audited the accompanying statements of assets, liabilities, and net assets (modified cash basis) of the Fire Department of Liberty Township Hendricks County Indiana, Inc. as of December 31, 2009 and 2008, and the related statements of cash receipts, disbursements, changes in net assets (modified cash basis), and cash flows (modified cash basis) for the years then ended. These financial statements are the responsibility of the Fire Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Also described in Note 2, the values of the firehouses that were donated are recorded at a nominal value since the values could not be determined at the date of donation and the value of the firehouse provided by the Town of Clayton under its contract for services has not been determined, and therefore the value has not been recorded. The Fire Department also recognizes FEMA grant revenue and other governmental grant revenue when earned in accordance with the grant agreements instead of when received. Any unearned revenue is recorded as a liability on the statements of assets, liabilities, and net assets.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Fire Department as of December 31, 2009 and 2008 and its cash receipts and disbursements and its cash flows for the years then ended on the basis of accounting described in Note 2.

Dunton & Co., P.C.

August 31, 2010

Fire Department of Liberty Township
Hendricks County Indiana, Inc.
Statements of Assets, Liabilities and Net Assets
Modified Cash Basis
December 31, 2009 and 2008

	ASSETS	2009	2008
Current Assets			
Cash and Cash Equivalents			
Checking		\$ 3,507.73	\$ 46,414.00
Savings		122,531.61	31,213.58
Checking other		<u>29,002.29</u>	<u>28,193.52</u>
Total Cash and Cash Equivalents		<u>155,041.63</u>	<u>105,821.10</u>
Total Current Assets		<u>155,041.63</u>	<u>105,821.10</u>
Property and Equipment			
Fire trucks and EMS vehicles		640,577.89	392,522.89
Fire equipment		490,172.80	483,572.80
Vehicles		27,002.00	27,002.00
Fitness equipment		22,463.50	22,463.50
Computers and software		4,292.00	4,292.00
Buildings and improvements		4,047.00	4,047.00
Land		4,700.00	4,700.00
Software		<u>1,524.00</u>	<u>1,524.00</u>
		1,194,779.19	940,124.19
Total Accumulated Depreciation		<u>(704,754.19)</u>	<u>(579,189.69)</u>
Total Property and Equipment		<u>490,025.00</u>	<u>360,934.50</u>
TOTAL ASSETS		<u>\$ 645,066.63</u>	<u>\$ 466,755.60</u>
	LIABILITIES & NET ASSETS		
Liabilities			
Current Liabilities			
Current Maturities of Long-Term Debt		<u>\$ -</u>	<u>\$ 6,000.00</u>
Total Current Liabilities		<u>-</u>	<u>6,000.00</u>
Long-Term Debt			
Total Long-Term Debt		-	22,000.00
Less current maturities		<u>-</u>	<u>(6,000.00)</u>
Total Long-term Debt		<u>-</u>	<u>16,000.00</u>
Total Liabilities		<u>-</u>	<u>22,000.00</u>
Net Assets			
Unrestricted Net Assets		<u>645,066.63</u>	<u>444,755.60</u>
Total Net Assets		<u>645,066.63</u>	<u>444,755.60</u>
TOTAL LIABILITIES & NET ASSETS		<u>\$ 645,066.63</u>	<u>\$ 466,755.60</u>

Fire Department of Liberty Township
Hendricks County Indiana, Inc.
Statements of Cash Receipts, Disbursements and Changes In Net Assets
Modified Cash Basis
For the years ended December 31, 2009 and 2008

Unrestricted	2009	2008
Cash Receipts - Unrestricted		
Local Government Fire Service Contracts	\$ 250,691.00	\$ 222,367.00
FEMA Grants	4,830.00	13,466.00
Fundraising	14,198.89	17,569.11
Ambulance Services	59,551.50	72,041.33
Donated Fire Equipment	187,000.00	-
Sale of Assets	60,000.00	5,000.00
Sponsored Training	1,707.50	3,700.00
Other Receipts	7,499.78	11,821.02
Total Cash Receipts	<u>585,478.67</u>	<u>345,964.46</u>
 Cash Disbursements -Unrestricted		
Standby Wages and payroll taxes	74,339.41	100,875.03
Administrative wages and Officers' Stipends	33,259.69	13,730.27
Fundraising	1,856.18	2,069.00
Depreciation Expense	125,564.50	123,169.30
Utilities	20,405.66	18,424.06
Fire Division Supplies and Equipment	8,690.72	9,698.64
EMT Sponsored Training Expenses	1,434.94	4,472.65
EMS Division Supplies and Equipment	11,455.84	13,793.01
Vehicle Maintenance	16,554.54	14,123.06
Clothing Allowances and reimbursements	8,135.00	9,407.87
Physicals and Vaccinations	105.00	559.20
Fuel	11,858.48	19,655.12
Communications	8,461.45	7,229.93
Administrative Supplies and Other Expenses	3,320.22	2,478.09
Building Maintenance	2,497.09	916.56
Bank Charge	-	25.00
Professional Fees: audit, ambulance billing, and payroll	20,873.09	21,589.45
Computer Software Support and Upgrades	824.99	625.00
Equipment Rent	2,305.04	2,231.69
Miscellaneous expenditures - FEMA	1,118.46	4,723.28
Insurance	23,482.28	42,988.06
Miscellaneous	4,020.35	69.73
Association Expenses	4,604.71	3,302.95
Total Cash Expenditures	<u>385,167.64</u>	<u>416,156.95</u>
 Increase (decrease) in Unrestricted Net Assets	<u>200,311.03</u>	<u>(70,192.49)</u>
 Total Net Assets, Beginning of Year	<u>444,755.60</u>	<u>514,948.09</u>
 Total Net Assets, End of Year	<u>\$ 645,066.63</u>	<u>\$ 444,755.60</u>

Fire Department of Liberty Township
Hendricks County Indiana, Inc.
Statements of Cash Flows
Modified Cash Basis
For the Years Ended December 31, 2009 and 2008

	2009	2008
Cash Flows From Operating Activities:		
Net increase (decrease) in net assets	\$ 200,311.03	\$ (70,192.49)
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Depreciation	125,564.50	123,169.30
Donated Fire truck and EMS vehicle	<u>(187,000.00)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>138,875.53</u>	<u>52,976.81</u>
Investing Activities		
Purchases of Equipment	<u>(67,655.00)</u>	<u>(27,380.55)</u>
Net Cash Used in Investing Activities	<u>(67,655.00)</u>	<u>(27,380.55)</u>
Financing Activities		
Payments on Long-Term Debt	<u>(22,000.00)</u>	<u>(6,000.00)</u>
Net Cash Used in Financing Activities	<u>(22,000.00)</u>	<u>(6,000.00)</u>
Net Increase in Cash and Cash Equivalents	49,220.53	19,596.26
Cash and Cash Equivalents, Beginning of Year	<u>105,821.10</u>	<u>86,224.84</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 155,041.63</u></u>	<u><u>\$ 105,821.10</u></u>
 Supplemental Disclosures:		
Donated Fire truck and EMS Vehicle	\$ 187,000	\$ -

Fire Department of Liberty Township
Hendricks County Indiana, Inc.
Notes to Financial Statements
December 31, 2009 and 2008

Note 1: Nature of Activities

The Fire Department of Liberty Township Hendricks County Indiana, Inc. (the Fire Department) was formed in January 2000, resulting from the merger of three volunteer fire departments in Liberty Township; Clayton, Cartersburg, and Belleville. Starting in 2007, the Fire Department has taken over the daily operations of Hazelwood Volunteer Fire Department. The Fire Department provides the Town of Clayton and one-hundred percent of Liberty Township with fire protection and emergency medical services. The Fire Department is under contract with the Town of Clayton and Liberty Township to provide these services. The cash receipts from these contracts are recognized in the statement of cash receipts, disbursements, and changes in net assets under "Local Government Service Contracts". The Town of Clayton, in connection with its contract, provides the building that houses Fire Station 31. A second Fire Station, number 34, is located in Hazelwood, which is owned by Hazelwood Volunteer Fire Department Association (the Association). The Fire Department uses the station in exchange for reimbursing the Association fifty-percent of the monthly utilities. A value has not been placed on the use of these facilities. The Fire Department is staffed by a combination of paid and volunteer personnel primarily residing in Liberty Township in Hendricks County, Indiana.

Note 2: Significant Accounting Policies

Basis of Accounting - The Fire Department maintains its financial statements on the modified cash basis of accounting, which is another comprehensive basis of accounting. It differs from generally accepted accounting principles in that revenue is recognized when received instead of when earned and expenses are recognized when paid instead of when incurred. The Fire Department, however, recognizes FEMA grant proceeds, other governmental revenue and other proceeds associated with governmental distributions when earned in accordance with the grant and other agreements. Any unearned revenue is reflected as a liability on the statements of assets, liabilities and net assets.

Basis of Presentation - In accordance with Financial Accounting Standards Board codification 958, not-for-profit organizations' financial statements, the Fire Department reports its net assets by three different classifications; unrestricted, temporarily restricted, and permanently restricted. When the temporarily restricted net assets are released because of expired time restraints or defined events, they are transferred to unrestricted net assets.

Accounting Estimates - The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosure. The estimates that are made concern estimated lives of property and equipment that are depreciated over those estimated lives. Accordingly, actual results could differ from those estimates.

Fire Department of Liberty Township
Hendricks County Indiana, Inc.
Notes to Financial Statements
December 31, 2009 and 2008

Note 2: Significant Accounting Policies (continued)

Cash Equivalents - For purposes of the statements of assets, liabilities, and net assets, and cash flows, cash, and cash equivalents include all cash and savings accounts with original maturities of three months or less.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted receipts, depending on the existence and/or nature of any donor-imposed restrictions. Any contributions received with donor-imposed restrictions that are met in the year received are classified as unrestricted donations

Donated Services – The Fire Department is staffed by paid and volunteer personnel who provide fire protection and EMS emergency medical and transport services. In connection with the volunteer services, if such services were not donated, the Fire Department would be required to hire such services at the same hourly rate of the paid personnel. The volunteers donated services at their fair market value could not be determined in 2009 and 2008 due to a change in tracking of volunteer hours.

Property and Equipment – All property and equipment are recorded at cost and depreciated over the estimated useful lives of the assets, using the straight line method. Property and equipment that is donated is recorded at its estimated fair market value as of the date of the donation. Estimated useful lives range from 5 to 40 years. Equipment purchases under \$1,000 are expensed and all repairs and maintenance are expensed. The firehouses that were donated to the volunteer fire departments prior to the mergers have been recorded at nominal values of \$1 since there isn't any documentation to determine the donation dates or the value at the dates of the donations. The Federal government may have a reversionary interest in property purchased with Federal funds and may determine how the proceeds from the sale of such assets shall be used to include the refund of such proceeds to the Federal government.

Income taxes – The Fire Department is an organization exempt from taxation under Section 501(c) (3) of the Internal Revenue Code. The Fire Department has not conducted any unrelated business activities and therefore, the Fire Department has not made any provision for Federal income taxes in the accompanying financial statements.

Note 3: Line of Credit

During 2009, the Fire Department obtained a short-term line of credit in the amount of \$40,000 that matures on an annual basis. The line bears interest at the national prime rate of interest plus 6.25%. The line of credit requires minimum payments of the greater of \$100 or 1.5% of the outstanding balance. The line of credit was obtained to meet short-term cash requirements due to unexpected timing in the receipt of local government contract payments. There were no borrowings against the line during 2009.

Fire Department of Liberty Township
Hendricks County Indiana, Inc.
Notes to Financial Statements
December 31, 2009 and 2008

Note 4: Long-term Debt

The Fire Department has purchased fire and emergency equipment and financed a portion of the purchase price of such equipment under long-term debt. As of December 31, 2008, the Fire Department had a total long-term debt obligation outstanding in the amount of \$22,000 with a payment due in 2009 in the amount of \$6,000. During 2009, the Fire Department liquidated this debt obligation.

Note 5: Credit Risk, Concentrations, and Limitations

At certain times during the year and at year end, the Fire Department maintains cash deposits with its bank, which exceeded the \$250,000 limit of insurance by the Federal Deposit Insurance Corporation (FDIC).

In connection with its EMS emergency runs, the Fire Department bills insurance companies, individuals, Medicare, Medicaid and other Fire and EMS Departments fees based on the emergency ALS and transport services provided to patients or accident victims. The income from those services is recorded when received and therefore, the receivable for those services and an allowance for uncollectible fees are not recorded on the statement of assets, liabilities and net assets.

The Fire Department receives public support from the Town of Clayton and the Liberty Township Trustee that approximated sixty-eight percent of the Fire Department's cash receipts for 2009. The contract amounts are supported by tax receipts and may increase or decrease subject to the tax budgets and collections each year.

The Fire Department provides fire and EMS services on a twenty-four hours seven day basis with limited standby personnel, volunteers, and equipment. Due to these limitations, the fire and EMS personnel and equipment available to support emergency situations are minimized by limited public funding by the Township.

Note 5: Fundraising Expense

Total fundraising expenses in connection with the annual boot drive for the years ended December 31, 2009 and 2008 were \$1,856.18 and \$2,069.00, respectively. The ratio of expenses to amounts raised is computed using actual cash expenditures to the related cash donations received. The expense ratios for 2009 and 2008 respectively, were 13.1% and 11.8%.

Fire Department of Liberty Township
Hendricks County Indiana, Inc.
Notes to Financial Statements
December 31, 2009 and 2008

Note 6: Public Funding

The Fire Department of Liberty Township Hendricks County Indiana, Inc. receives public support to fund its emergency medical services and fire protection in Clayton Indiana and in Liberty Township in Hendricks County. As noted, the Fire Department routinely pursues Federal grants to fund special equipment purchases. During 2009, the Fire Department received the following Federal and local funds.

Government Entity	Amount Received
Liberty Township	\$ 218,691
The Town of Clayton	32,000
FEMA	4,830
	<hr/>
Total Government funds received	<u>\$ 255,521</u>

Note 7: Subsequent Event

During 2009, a deposit was paid on a chassis for a new ambulance. The ambulance was delivered in early 2010 and the Fire Department borrowed approximately \$110,000 from a local financial institution. The long-term note requires payments of equal monthly installments over seven years. The note bears interest at 5.15% per annum.

Note 8: Change in Presentation

The 2008 financial statements have been changed, eliminating the amount of the donated professional services, since there was a change in the tracking of volunteer hours. The fair market value of donated volunteer hours could not be determined for 2009 or 2008. There wasn't any effect on the change in net assets for 2008.

Note 9: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 31, 2010, the date which the financial statements were available to be issued.