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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

November 12, 2013

Board of Directors
German Township Volunteer Fire Department, Inc.
8400 Saint Wendel Road
Evansville, IN 47720-7851

We have reviewed the audit report prepared by Brown, Smith & Settle, LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 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 German Township Volunteer Fire Department, Inc., as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report except for such adjustments, if any, that might have resulted had the collection of cash contributions been susceptible to satisfactory audit tests.

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

STATE BOARD OF ACCOUNTS

German Township Volunteer Fire Department, Inc.

FINANCIAL STATEMENTS

DECEMBER 31, 2008

German Township Volunteer Fire Department, Inc.

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777 Oak Hill Road
Evansville, Indiana 47711
Tel: 812 424-3388
Fax: 812 429-1567

Jerry A. Smith
Earl F. Settle
Lonny L. Dus
Stephen L. Reffett
Larry D. Bitter

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
German Township Volunteer Fire Department, Inc.
8400 Saint Wendel Road
Evansville, IN 47720-7851

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of German Township Volunteer Fire Department, Inc. (a nonprofit organization) as of December 31, 2008, and the related statement of revenues, expenses, and changes in net assets - modified cash basis, and the statement of functional expenses - 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 discussed 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 our audit provides a reasonable basis for our opinion.

No accounting controls are exercised over cash contributions prior to the initial recording in the accounting records. Accordingly, it was not practical to extend our examination of such receipts beyond the amounts recorded.

As described in Note 1, the organization prepares its financial statements on the basis of cash receipts and disbursements except that the statements include a provision for depreciation of property and equipment. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for such adjustments, if any, that might have resulted had the collection of cash contributions been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - modified cash basis of German Township Volunteer Fire Department, Inc., as of December 31, 2008, and the support, revenues and expenses - modified cash basis for the year then ended, on the basis of accounting described in Note 1.

Brown, Smith and Settle, LLC

October 16, 2009

German Township Volunteer Fire Department, Inc.
A Nonprofit Organization
Statement of Support, Revenue, and Expenses
Modified Cash Basis
Year Ended December 31, 2008

	<u>Unrestricted</u>
PUBLIC SUPPORT	
RECEIVED DIRECTLY	
Contributions	\$ 62,384
TOTAL PUBLIC SUPPORT	<u>62,384</u>
GRANTS FROM	
GOVERNMENTAL AGENCIES	<u>389,969</u>
PROGRAM SERVICE FEES	<u>11,937</u>
OTHER REVENUE	
Miscellaneous revenue	3,347
Picnic fund	2,200
Theft bond	5,000
Tower income	4,125
Training class registration	285
Loss on disposal of assets	(2,613)
Interest income	<u>1,946</u>
TOTAL OTHER REVENUE	<u>14,290</u>
TOTAL SUPPORT AND REVENUE	<u>478,580</u>
FUNCTIONAL EXPENSES	
Program services	381,681
Administrative	46,922
Fund raising	<u>3,180</u>
TOTAL FUNCTIONAL EXPENSES	<u>431,783</u>
CHANGE IN NET ASSETS	46,797
NET ASSETS - BEGINNING OF YEAR	<u>137,858</u>
NET ASSETS - END OF YEAR	<u>\$ 184,655</u>

See independent auditors' report and accompanying notes

German Township Volunteer Fire Department, Inc.
A Nonprofit Organization
Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis
December 31, 2008

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 95,721
TOTAL CURRENT ASSETS	<u>95,721</u>
PROPERTY AND EQUIPMENT	
Less accumulated depreciation	1,904,348
	<u>1,427,714</u>
	<u>476,634</u>
TOTAL ASSETS	<u>\$ 572,355</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Withheld taxes	\$ 671
Current portion of long-term obligations	49,798
TOTAL CURRENT LIABILITIES	<u>50,469</u>
LONG-TERM OBLIGATIONS,	
less current maturities	337,231
TOTAL LIABILITIES	<u>387,700</u>
NET ASSETS	
Unrestricted	184,655
TOTAL NET ASSETS	<u>184,655</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 572,355</u>

See independent auditors' report and accompanying notes

German Township Volunteer Fire Department, Inc.
Statement of Functional Expenses
Modified Cash Basis
for the Year Ended December 31, 2008

	Program Services	Administration	Fund Raising	Total
Small equipment purchases	\$ 2,581	\$ 0	\$ 0	\$ 2,581
Depreciation expense	82,544	9,172	0	91,716
Miscellaneous expense	0	239	0	239
Office expenses	2,393	2,098	3,180	7,671
Apparatus maintenance	37,014	0	0	37,014
Building maintenance	7,931	2,776	0	10,707
Communications	7,194	0	0	7,194
Contractual services	915	0	0	915
Emergency medical services	2,892	0	0	2,892
Emergency reponse disposables	537	0	0	537
District 10 grant expense	42,810	0	0	42,810
District 10 grant wages	6,243	0	0	6,243
Fuel	13,586	0	0	13,586
Insurance - accident & health	7,095	0	0	7,095
Insurance - apparatus & equipment	14,643	0	0	14,643
Insurance - buildings	5,406	2,317	0	7,723
Insurance - liability	2,486	0	0	2,486
Insurance - LOSAP	19,497	0	0	19,497
Insurance - workers compensation	1,947	102	0	2,049
Insurance - employee health	7,856	873	0	8,729
Interest expense	6,474	0	0	6,474
OSHA requirements	523	0	0	523
Photography	707	0	0	707
Picnic fund	1,946	0	0	1,946
Professional fees	3,943	16,350	0	20,293
Protective clothing	2,477	0	0	2,477
Public education	667	0	0	667
Retention costs	9,250	0	0	9,250
Suburban Fire Association dues	500	0	0	500
Training	7,251	0	0	7,251
Uniform supplies	2,064	0	0	2,064
Utilities	9,980	4,904	0	14,884
VCOS	617	0	0	617
Wages	50,163	7,574	0	57,737
Payroll taxes	4,652	517	0	5,169
Volunteer reimbursements	14,897	0	0	14,897
	<u>\$ 381,681</u>	<u>\$ 46,922</u>	<u>\$ 3,180</u>	<u>\$ 431,783</u>

See independent auditors' report and accompanying notes

German Township Volunteer Fire Department, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The organization's purpose is to provide fire protection and emergency aid for persons and property in the area of German and Armstrong Townships and to aid other agencies on a mutual aid basis during times of need, with priority in the area of German and Armstrong Townships. The organization, located in Vanderburgh County, is supported primarily through allocations from the trustees of German and Armstrong Township.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. This basis differs from generally accepted accounting principles since it requires revenues and their related assets to be recorded when received rather than when earned and expenses and their related liabilities to be recorded when paid rather than when incurred.

Financial Statement Presentation

The organization complies with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the organization is required to report information regarding its assets, liabilities, net assets, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2008, the organization had no temporarily or permanently restricted net assets.

Income Taxes

German Township Volunteer Fire Department, Inc. is a nonprofit organization exempt from federal, state and local income taxes under section 501(c) (4) of the United States Internal Revenue Code.

Property and Equipment

German Township Volunteer Fire Department, Inc. follows the practice of capitalizing all expenditures for fire apparatus in excess of \$5,000 and all other equipment in excess of \$500. Property and equipment are carried at cost. Expenditures for replacements are capitalized and the replaced items are retired. Maintenance and repairs are charged to operations as incurred. Donations of property and equipment are recorded as support at their estimated fair market value. Such donations are reported as unrestricted support 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. The organization reports expirations of donor restrictions when the acquired assets are placed in service. At that time, temporarily restricted net assets are reclassified to unrestricted net assets. Provisions for depreciation of property and equipment are computed on the straight-line method based on their estimated useful lives. Upon disposition, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

German Township Volunteer Fire Department, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributions

The organization also complies with SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized.

All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Support, Revenue, and Expenses as net assets released from restrictions.

The value of contributed services meeting the requirements for recognition in the financial statements is not material and has not been recorded. Nevertheless, a substantial number of individuals volunteer significant amounts of their time and perform a variety of tasks that assist in the organization's program services and its fund raising campaigns.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2008 consisted of the following:

	2008	
	Cost	Accumulated Depreciation
Land	\$ 41,966	\$ 0
Buildings	240,394	122,263
Office furniture and equipment	136,661	130,172
Fire and rescue equipment	910,714	894,389
Fire and rescue equipment purchased under provisions of a capital lease	566,723	273,000
Tower	7,890	7,890
	\$ 1,904,348	\$ 1,427,714

Depreciation for the year ended December 31, 2008 was \$91,716, including \$58,500 related to a fire rescue vehicle purchased under provisions of a capital lease.

German Township Volunteer Fire Department, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 3 - LONG-TERM OBLIGATIONS

Long-term obligations at December 31, 2008, consisted of the following:

	2008	
	Current	Long-Term
Capital lease payable in monthly installments of \$5,319 on specific equipment; the effective rate of interest is 3.85%; lease matures November 2015 upon payment of final monthly installment of \$5,319 provided monthly purchase option commencing June 19, 2009 is not exercised. (A)	\$ 49,798	\$ 337,231

(A) Collateralized by specific equipment.

Future maturities of capital lease obligations as of December 31, 2008 were as follows:

Year Ending December 31,	Gross Lease Payments	Less Amount Representing Interest	Principal Portion
2009	\$ 63,826	\$ 14,028	\$ 49,798
2010	63,826	12,077	51,749
2011	63,826	10,049	53,777
2012	63,826	7,941	55,885
2013	63,826	5,751	58,075
Thereafter	122,331	4,586	117,745
	\$ 441,461	\$ 54,432	\$ 387,029

Interest expense on the lease for the year ended December 31, 2008 was \$6,474.

See note 2 for information related to cost, accumulated depreciation, and depreciation expense for fire and rescue equipment purchased under the provisions of a capital lease.

NOTE 4 - RELATED PARTY TRANSACTIONS

The organization purchases communications equipment from Tri-State Communications which employs a member of the board of directors of German Township Volunteer Fire Department, Inc.. Total purchases from Tri-State Communications was \$17,740 for the year ended December 31, 2008.

NOTE 5 - FUNCTIONAL EXPENSES

The costs of providing services have been summarized on a functional basis in the statement of support, revenue, and expenses. Expenses specifically identified as relating to one of the functional categories are charged accordingly. Other expenses determined to relate to more than one of the categories are allocated based on estimated percentages. The allocated costs included various expense types.

German Township Volunteer Fire Department, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

The organization maintains its cash balance at one financial institution located in Evansville, Indiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008, the organization's total uninsured balance was \$0.

NOTE 7 - ECONOMIC DEPENDENCE

The organization receives the majority of its support through funds from the trustees of German and Armstrong Townships located in Vanderburgh County.