



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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May 7, 2008

Board of Directors  
Trafalgar Volunteer Firemen, Inc.  
P.O. Box 346  
Trafalgar, IN 46181

We have reviewed the audit report prepared by Woodbury & Company, LLC, Independent Public Accountants, for the period January 1, 2004 to December 31, 2004. 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 Trafalgar Volunteer Firemen, Inc., as of December 31, 2004, 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.

We call your attention to the findings in the report. The management letter contains three comments.

STATE BOARD OF ACCOUNTS

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Audited Financial Statements  
December 31, 2004

Trafalgar Volunteer Firemen, Inc.  
Trafalgar, Indiana  
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Audited Financial Statements

December 31, 2004

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WOODBURY & COMPANY, CPA's  
2048 NORTH MORTON  
FRANKLIN, INDIANA 46131

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Trafalgar Volunteer Firemen, Inc.  
P.O. Box 3, Pearl Street  
Trafalgar, Indiana 46181

We have audited the accompanying statement of financial position of Trafalgar Volunteer Firemen, Inc. (A Not-For-Profit Corporation) as of December 31, 2004, and the related statements of activities, 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 audit.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trafalgar Volunteer Firemen, Inc. as of December 31, 2004, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Woodbury! Company, LLC*

December 17, 2007  
Franklin, Indiana

**Trafalgar Volunteer Firemen, Inc.**  
**(A Not-For-Profit Corporation)**  
**Trafalgar, Indiana**  
**Statement of Financial Position**  
**As of December 31, 2004**

**Assets**

**Current Assets**

Cash	\$ 377,806.57
Prepaid Insurance	7,369.83
Accrued Interest Receivable	<u>3,094.22</u>

Total Current Assets \$ 388,270.62

**Fixed Assets**

Building	97,736.14
Equipment	677,683.25
Land	<u>2,500.00</u>
	777,919.39
Accumulated Depreciation	<u>(510,859.30)</u>

Fixed Assets, Net 267,060.09

**Total Assets** \$ 655,330.71  
=====

**Liabilities & Net Assets**

**Current Liabilities**

Note Payable - Current	\$ 15,785.27
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**Long-Term Liabilities**

Note Payable - Long-Term	<u>88,956.55</u>
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Total Liabilities \$ 104,741.82

**Net Assets:**

Unrestricted	550,588.89
Temporarily Restricted	0.00
Permanently Restricted	<u>0.00</u>

Total Net Assets 550,588.89

**Total Liabilities & Net Assets** \$ 655,330.71  
=====

**NOTES ARE INTEGRAL TO THESE STATEMENTS**  
**SEE INDEPENDENT AUDITOR'S REPORT**

**Trafalgar Volunteer Firemen, Inc.**  
**(A Not-For-Profit Corporation)**  
**Trafalgar, Indiana**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

	2004
<b>Unrestricted Net Assets</b>	
<b>Revenues</b>	
Donations	\$ 250.00
Fish Fries	46,549.57
Interest	4,954.27
Gain on Sale of Assets	8,000.00
Tax Revenue - Fire Protection	110,000.00
Total Revenues	169,753.84
<b>Operating Expenses</b>	
Fish Fry Expenses	24,844.78
Miscellaneous	2,121.27
Interest Expense	3,672.08
Truck & Gasoline Expense	11,633.62
Depreciation	55,359.64
Small Fire Equipment & Supplies	20,781.23
Insurance	15,880.05
Professional Fees	1,750.00
Maintenance & Repairs	15,006.24
Office Supplies & Expense	1,595.51
Radio & Pager	4,186.34
Training & Education	5,271.19
Telephone	858.55
Utilities	5,520.89
Total Expenses	168,481.39
<b>Increase (Decrease) in Unrestricted Net Assets</b>	\$ 1,272.45 =====

**NOTES ARE INTEGRAL TO THESE STATEMENTS**  
**SEE INDEPENDENT AUDITOR'S REPORT**

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Statement of Changes in Net Assets  
For the Year Ended December 31, 2004

Net Assets, Beginning	\$ 549,316.44
Change in Net Assets - Unrestricted	1,272.45
Change in Temporarily Restricted Net Assets	0.00
Change in Permanently Restricted Net Assets	<u>0.00</u>
Net Assets, Ending	\$ 550,588.89 =====

NOTES ARE INTEGRAL TO THESE STATEMENTS  
SEE INDEPENDENT AUDITOR'S REPORT

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Statement of Cash Flows  
For the Year Ended December 31, 2004

Cash flows from operating activities:

Increase (Decrease) in unrestricted net assets	\$ <u>1,272.45</u>
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided by (used for) operating activities:	
Depreciation	55,359.64
Change in prepaid insurance	(604.30)
Change in accrued interest receivable	<u>6,706.39</u>
Total adjustments	<u>61,461.73</u>
<b>Net cash provided by (used for) operating activities:</b>	<u>62,734.18</u>
Cash flows from investing activities:	
Purchase of equipment	<u>(199,425.00)</u>
Cash flows from financing activities:	
Loan proceeds	121,060.00
Loan payments	<u>(16,318.18)</u>
<b>Net cash provided by (used for) financing activities:</b>	<u>104,741.82</u>
<b>Net increase (decrease) in cash</b>	(31,949.00)
<b>Cash at beginning of period</b>	<u>409,755.57</u>
<b>Cash at end of period</b>	\$ 377,806.57 =====

Supplemental disclosure of cash flow information:

Cash paid during the year for:	
Interest	\$ 3,672.08

NOTES ARE INTEGRAL TO THESE STATEMENTS  
SEE INDEPENDENT AUDITOR'S REPORT

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Notes to Audited Financial Statements  
December 31, 2004

**NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Organization**

Trafalgar Volunteer Firemen, Inc. (A Not-For-Profit Corporation), was organized to provide fire-protection services to local communities.

**Tax Status**

The Company is exempt from federal and state income taxes under section 501(c)(4) of the Internal Revenue Service Code of the United States.

**Property & Equipment**

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Years</u>
Building	30
Fire Equipment	5-7

Maintenance, repairs, and minor renewals are charged to operations when they are incurred. Assets costing over \$500 are capitalized. When an asset is disposed of, its accumulated depreciation is deducted from the original cost, and any gain or loss arising from its disposal is credited or charged to earnings.

**Cash**

For purposes of the statement of cash flows, the Company has cash in its checking, savings, and certificates of deposit. All these are included in its definition of cash.

**Accounting Method**

The Company's policy is to prepare its financial statements on the accrual basis. Under this method, revenues are recognized when earned rather than when received, and expenses are recognized when incurred rather than when paid.

**SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT**

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Notes to Audited Financial Statements  
December 31, 2004

(Continued)

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Contributed Services**

During the year ended December 31, 2004, many individuals donated several hours of their time to this organization. The organization could not estimate the value of such services, and the services meeting the requirement for recognition in these financial statements was not felt to be material, and therefore, has not been recorded.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 : GOVERNMENT REVENUE

For the year ended December 31, 2004, government sources were 64.80% of the Company's total revenue. Based on the tight budget at the state and local levels, the Company's governmental income is suspect as to the increases and/or decreases it will receive.

NOTE 3 : CONCENTRATIONS OF CREDIT RISK ARRIVING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Company maintains its cash balances primarily in two financial institutions in Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each institution. At December 31, 2004, the Company's uninsured cash balances totaled \$265,640.29.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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(CONTINUED)

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Notes to Audited Financial Statements  
December 31, 2004

(Continued)

**NOTE 4: LONG-TERM NOTE PAYABLE**

Note payable - 2004 Danko Tanker with interest at the rate of 4.051% in annual installments of \$19,990.26	\$ 104,741.82
Less current portion	(15,785.27)
Total long-term note payable at December 31, 2004	\$ 88,956.55 =====

**NOTE 5: LOAN MATURITIES**

The aggregate loan repayments to be made for the succeeding years are as follows:

December 31, 2005	\$ 15,785.27
December 31, 2006	16,418.99
December 31, 2007	17,078.15
December 31, 2008	17,763.77
December 31, 2009	18,476.92
After December 31, 2009	19,218.72
Total	\$ 104,741.82 =====

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT



**Woodbury & Company, LLC**

Certified Public Accountants

December 17, 2007

Board of Directors  
Trafalgar Volunteer Firemen, Inc.  
Trafalgar, Indiana 46181

Ladies & Gentlemen:

In planning and performing our audit of the financial statements of Trafalgar Volunteer Firemen, Inc. as of and for the year ended December 31, 2004, in accordance with auditing standards generally accepted in the United States of America, we considered Trafalgar Volunteer Firemen, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency and material weakness.

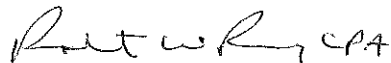
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the lack of segregation of duties to be a significant deficiency in internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe the lack of segregation of duties constitutes a material weakness.

This communication is intended solely for the information and use of the Trafalgar Volunteer Firemen, Inc.'s management and the State Board of Accounts and is not intended to be and should not be used by anyone other than these specified parties.

Cordially yours,

Woodbury & Company, LLC



Robert W. Ray, CPA  
Member of the Firm

WOODBURY & COMPANY, CPA'S  
2048 NORTH MORTON  
FRANKLIN, INDIANA 46131

MANAGEMENT LETTER

Board of Directors  
Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana 46181

In planning and performing our audits of the financial statements of Trafalgar Volunteer Firemen, Inc., as of and for the years ended December 31, 2004, 2005, and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Trafalgar Volunteer Firemen, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. (We previously reported on the Company's internal control in our report dated December 17, 2007. A separate letter dated December 17, 2007, contains our report on significant deficiencies in the Company's internal control.) This letter does not affect our report dated December 17, 2007, on the financial statements of Trafalgar Volunteer Firemen, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Company personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

**FISH FRY CASH REGISTER TAPES**

When the fish fry receipts are deposited, please attach the totals from the cash register tapes for support. This will simplify our verification process.

(CONTINUED)

(CONTINUED)

MANAGEMENT RESPONSE

The totals from the cash register tapes will be attached to the deposit slip.

CHECK MADE OUT TO CASH

In 2006 there was a \$1,000 check from the money market account that was made out to cash. We were able to verify the disbursement to an invoice, but it is not a good policy to ever make out a check to cash.

MANAGEMENT RESPONSE

Checks will never be made to cash in the future.

SEGREGATION OF DUTIES

Due to the size of the Organization, it is not possible to segregate the duties in the accounting area. Therefore, it is imperative that the Board review the accounting reports timely and ask for verification of any items that they would question.

MANAGEMENT RESPONSE

The Board will review accounting records on a timely basis and make notes of such a review in the monthly minutes.

*Woodbury, Company, LLC*

December 17, 2007  
Franklin, Indiana