



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B33873

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

May 7, 2008

Board of Directors
Hamilton Township Volunteer
Fire Company, Inc.
8021 N. State Road 3
Muncie, IN 47303

We have reviewed the audit report prepared by Summers, Carroll, Whisler, LLC, Independent Public Accountants, for the period January 1, 2006 to December 31, 2006. 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 Hamilton Township Volunteer Fire Company, Inc., as of December 31, 2006, 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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

HAMILTON TOWNSHIP VOLUNTEER FIRE COMPANY, INC.

DECEMBER 31, 2006

C O N T E N T S

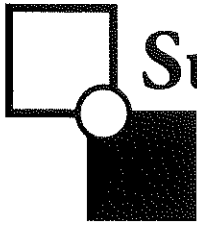
INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF ACTIVITIES	2
STATEMENT OF CASH FLOW	3
STATEMENT OF FUNCTIONAL EXPENSES	4
NOTES TO FINANCIAL STATEMENTS	5

SPECIAL REPORT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	8
--	---



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

Independent Auditors' Report

**Board of Directors
Hamilton Township Volunteer Fire Company, Inc.**

We have audited the accompanying statement of financial position of Hamilton Township Volunteer Fire Company, Inc. (an Indiana corporation) as of December 31, 2006 and the related statements of activities, cash flow, and functional expenses for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. 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 Hamilton Township Volunteer Fire Company, Inc. as of December 31, 2006 and the results of its operations and its cash flow for the year then ended, in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2007 on our consideration of Hamilton Township Volunteer Fire Company, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Summers, Carroll, Whisler LLC

Muncie, Indiana
August 28, 2007

Hamilton Township Volunteer Fire Company, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2006

ASSETS

CURRENT ASSETS

Cash		\$ 59,192
Total current assets		59,192

PROPERTY AND EQUIPMENT

Land, buildings and equipment	\$1,607,452	
Less accumulated depreciation	<u>1,007,318</u>	<u>600,134</u>
		<u>\$659,326</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion, long-term debt		\$ 39,546
Total current liabilities		39,546

LONG-TERM LIABILITIES

Notes payable	\$369,094	
Less current portion	<u>39,546</u>	<u>329,548</u>
Total liabilities		369,094

NET ASSETS

Unrestricted net assets	289,618	
Temporarily restricted net assets	<u>614</u>	<u>290,232</u>
		<u>\$659,326</u>

The accompanying notes are an integral part of this statement.

Hamilton Township Volunteer Fire Company, Inc.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Donations	\$ 2,972		\$ 2,972
Donated services	96,090		96,090
Fund raising	16,737	\$ 250	16,987
Special events	<u>33,442</u>		<u>33,442</u>
Total support	149,241	<u>250</u>	149,491
Revenue			
Fire runs	2,455		2,455
Pool fills	1,525		1,525
Fire fund	<u>134,925</u>		<u>134,925</u>
Total revenue	138,905		138,905
Other income			
Interest and other income	<u>332</u>	<u>22</u>	<u>354</u>
Total support and revenue	288,478	272	288,750
Net assets released from restrictions	<u>1,108</u>	<u>(1,108)</u>	
Total support, revenue and reclassifications	289,586	(836)	288,750
Expenses			
Program services	251,069		251,069
Fundraising	20,338		20,338
Management and general	<u>36,116</u>		<u>36,116</u>
	<u>307,523</u>		<u>307,523</u>
CHANGE IN NET ASSETS	(17,937)	(836)	(18,773)
Net assets at beginning of year	<u>307,555</u>	<u>1,450</u>	<u>309,005</u>
Net assets at end of year	<u>\$289,618</u>	<u>\$ 614</u>	<u>\$290,232</u>

The accompanying notes are an integral part of this statement.

Hamilton Township Volunteer Fire Company, Inc.

STATEMENT OF CASH FLOW

Year Ended December 31, 2006

Cash flow from operating activities:	
Change in net assets	\$(18,773)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	77,000
Decrease in accounts receivable	<u>1,370</u>
Net cash provided by operating activities	59,597
Cash flow from investing activities:	
Purchases of equipment and furniture	<u>(19,722)</u>
Net cash used in investing activities	(19,722)
Cash flow from financing activities:	
Repayment of long-term debt	<u>(37,732)</u>
Net cash used in financing activities	<u>(37,732)</u>
Net increase in cash	2,143
Cash at beginning of year	<u>57,049</u>
Cash at end of year	<u>\$ 59,192</u>

The accompanying notes are an integral part of this statement.

Hamilton Township Volunteer Fire Company, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2006

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Donated services	\$68,490		\$ 27,600	\$ 96,090
Firefighter training	2,042			2,042
Fireman gear, clothing and vehicle	5,616			5,616
First Responder expense	1,149			1,149
Fuel	3,998			3,998
Fundraising		\$ 20,102		20,102
Address signs		236		236
Equipment repair	18,988			18,988
Insurance	13,708		4,569	18,277
Public education	233			233
Service charges	324			324
Station expense	22,656			22,656
Utilities	11,839		3,947	15,786
Depreciation expense	77,000			77,000
Interest expense	24,609			24,609
Equipment expense	<u>417</u>			<u>417</u>
	<u>\$251,069</u>	<u>\$20,338</u>	<u>\$36,116</u>	<u>\$307,523</u>

The accompanying notes are an integral part of this statement.

Hamilton Township Volunteer Fire Company, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Hamilton Township Volunteer Fire Company, Inc. is a nonprofit volunteer fire fighting company in Hamilton Township in Delaware County, Indiana. The company provides fire fighting and fire prevention services to Hamilton Township and, if needed, to surrounding areas.

Hamilton Township Volunteer Fire Company, Inc. is a qualified nonprofit organization qualifying under Section 501(c)(4) of the Internal Revenue Code. As such, it is not liable for federal and state income taxes and no liability for such taxes appears in these statements.

2. Cash and Cash Equivalents

For purposes of the statement of cash flow, the company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

3. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

4. Property, Building and Equipment

Buildings and equipment are valued at cost for items purchased and at fair market value at date of gift for items donated. Depreciation was computed on the straight-line and 200% declining balance methods over the estimated useful lives of the assets, generally as follows.

Equipment	5 to 7 years
Furniture and fixtures	7 to 10 years
Buildings	39 years

5. Revenue

Hamilton Township Volunteer Fire Company, Inc. receives substantially all of its grant and contract revenue from Hamilton Township tax revenue.

6. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are recorded as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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 as unrestricted net assets.

Hamilton Township Volunteer Fire Company, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Contributed Services

During the year ended December 31, 2006, the value of contributed services meeting the requirements for recognition in the financial statements was estimated to be \$96,090. These services include the hours donated by trained firefighters and EMTs to respond to actual calls, and administrative hours.

8. Use of Estimates

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

NOTE B - LONG-TERM LIABILITIES

Long-term liabilities consist of the following.

Note payable to Star Financial Bank requiring annual payments of \$43,176 including interest at 75% of prime, secured by certain equipment, and maturing December 31, 2010.	\$171,078
Mortgage payable to Star Financial Bank requiring annual payments of \$19,164 including interest at 75% of prime, secured by certain real estate, and maturing December 25, 2008.	<u>198,016</u>
	369,094
Less current maturities	<u>39,546</u>
	<u>\$329,548</u>

Annual maturities for the next five years are as shown.

Year ending December 31, 2007	\$39,546
2008	\$225,703
2009	\$36,757
2010	\$67,088
2011	\$0

NOTE C - INTEREST EXPENSE

Interest expense totaling \$24,609 was incurred and paid during the year ended December 31, 2006.

NOTE D - OPERATING LEASE

Hamilton Township Volunteer Fire Company, Inc. leases real estate from Delaware Community School Corporation for its fire station. It has a term of 99 years that commenced in 1974. The annual lease payment is \$1 per year of the lease.

Hamilton Township Volunteer Fire Company, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

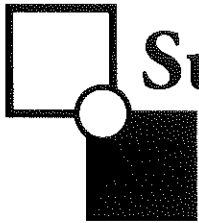
NOTE E - REVENUE

Hamilton Township, Delaware County, Indiana, is a major source of revenue for the fire company. The township accounted for \$134,925, which represented 46.7% of the total revenue.

NOTE F - COMMITMENTS AND CONTINGENCIES

The company is subject to laws and regulations relating to the protection of the environment. The company's policy is to accrue environmental and cleanup-related costs of a noncapital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of the company's continuing compliance efforts, management believes any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of the company.

SPECIAL REPORT



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Directors
Hamilton Township Volunteer Fire Company, Inc.**

We have audited the financial statements of Hamilton Township Volunteer Fire Company, Inc. as of and for the year ended December 31, 2006 and have issued our report thereon dated August 28, 2007. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Hamilton Township Volunteer Fire Company, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance relating to a nongovernmental grant, which we have reported to management of Hamilton Township Volunteer Fire Company, Inc. in a separate letter dated August 28, 2007.

Internal Control over Financial Reporting

In planning and performing our audits, we considered Hamilton Township Volunteer Fire Company, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management, and the Indiana State Board of Accounts and should not be used by anyone other than these specified parties.

Summers, Carroll, Whisler LLC

Muncie, Indiana
August 28, 2007