



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B34535

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June 18, 2009

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, 2007 to December 31, 2007. 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, 2007, 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 report on internal control contains one current finding. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Audited Financial Statements  
December 31, 2007

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

December 31, 2007

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WOODBURY & COMPANY, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
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, 2007, 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, 2007, 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*

April 24, 2008  
Franklin, Indiana

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Statement of Financial Position  
As of December 31, 2007

**Assets**

**Current Assets**

Cash	\$	321,632.87
Prepaid Insurance		14,317.82
Accrued Interest Receivable		<u>7,038.81</u>

Total Current Assets \$ 342,989.50

**Fixed Assets**

Building		104,197.74
Equipment		906,453.28
Land		<u>2,500.00</u>
		1,013,151.02
Accumulated Depreciation		<u>(680,472.07)</u>

Fixed Assets, Net 332,678.95

**Total Assets** \$ 675,668.45

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**Liabilities & Net Assets**

**Current Liabilities**

Notes Payable - Current	\$	31,466.53
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**Long-Term Liabilities**

Notes Payable - Long-Term		<u>119,277.58</u>
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Total Liabilities \$ 150,744.11

**Net Assets:**

Unrestricted		524,924.34
Temporarily Restricted		0.00
Permanently Restricted		<u>0.00</u>

Total Net Assets 524,924.34

**Total Liabilities & Net Assets** \$ 675,668.45

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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, 2007

	2007
<b>Unrestricted Net Assets</b>	
<b>Revenues</b>	
Donations	\$ 455.00
Fish Fries	49,065.85
Interest	16,164.50
Homeland Security Grant	1,891.00
Tax Revenue - Fire Protection	121,000.00
Total Revenues	188,576.35
<b>Operating Expenses</b>	
Fish Fry Expenses	35,786.98
Miscellaneous	4,261.23
Interest Expense	7,499.13
Truck & Gasoline Expense	14,425.39
Depreciation	86,848.48
Donation - Tornado Siren	2,000.00
Small Fire Equipment & Supplies	30,997.90
Insurance	14,293.41
Professional Fees	4,502.50
Maintenance & Repairs	3,510.95
Office Supplies & Expense	1,882.09
Radio & Pager	757.00
Training & Education	6,215.22
Telephone	1,116.43
Utilities	6,716.33
Total Expenses	220,813.04
<b>Increase (Decrease) in Unrestricted Net Assets</b>	\$ (32,236.69) =====

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, 2007

Net Assets, Beginning	\$ 557,161.03
Change in Net Assets - Unrestricted	(32,236.69)
Change in Temporarily Restricted Net Assets	0.00
Change in Permanently Restricted Net Assets	<u>0.00</u>
Net Assets, Ending	\$ 524,924.34 =====

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, 2007

Cash flows from operating activities:

Increase (Decrease) in unrestricted net assets \$ (32,236.69)

Adjustments to reconcile increase (decrease)  
in unrestricted net assets to net cash  
provided by (used for) operating activities:

Depreciation	86,848.48
Change in prepaid insurance	2,967.40
Change in accrued interest receivable	<u>(4,046.73)</u>

Total adjustments	<u>85,769.15</u>
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Net cash provided by (used for) operating activities	<u>53,532.46</u>
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Cash flows from investing activities:

Purchase of equipment	<u>(21,375.42)</u>
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Net cash provided by (used for) investing activities	<u>(21,375.42)</u>
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Cash flows from financing activities

Loan payments	<u>(31,793.45)</u>
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Net cash provided by (used for) financing activities:	<u>(31,793.45)</u>
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Net increase (decrease) in cash	363.59
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Cash at beginning of period	<u>321,269.28</u>
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Cash at end of period	\$ 321,632.87 =====
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Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	\$ 7,499.13
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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, 2007

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 Organization 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 \$1,000 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 Organization has cash in its checking, savings, and certificate of deposit. All these are included in its definition of cash.

**Accounting Method**

The Organization'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, 2007

(Continued)

**NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributed Services**

During the year ended December 31, 2007, 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, 2007, government sources were 65.17% of the Organization's total revenue. Based on the tight budget at the state and local levels, the Organization'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 Organization 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, 2007, the Organization's uninsured cash balances totaled \$134,637.74.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Notes to Audited Financial Statements  
December 31, 2007

(Continued)

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

Note payable - 2004 Danko Tanker with interest at the rate of 4.051% in annual installments of \$19,990.26	\$ 55,459.41
Note payable - 2006 Horton rescue truck with interest at 5.877% and annual payments of \$19,302.32	95,284.70
	150,744.11
Less current portion	(31,466.53)
Total long-term notes payable at December 31, 2007	\$ 119,277.58 =====

**NOTE 5: LOAN MATURITIES**

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

December 31, 2008	\$ 31,466.53
December 31, 2009	32,984.95
December 31, 2010	34,579.33
December 31, 2011	16,263.30
December 31, 2012	17,219.04
After December 31, 2012	18,230.96
Total	\$ 150,744.11 =====

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Trafalgar Volunteer Firemen, Inc.  
(A Not-For-Profit Corporation)  
Trafalgar, Indiana  
Notes to Audited Financial Statements  
December 31, 2007

(Continued)

NOTE 6: ILLEGAL ACTIVITY

During the year ended December 31, 2007, the former fire chief of Trafalgar Volunteer Firemen, Inc. was charged with a theft of funds raised for a fellow firefighter. These funds were not part of the Trafalgar Volunteer Firemen, Inc. accounts, but were part of a separate fundraising account in the name of that firefighter. Once the charges were made, the board quickly removed this individual from the fire department. The accused theft is thought to be approximately \$900. No other funds have been known to be effected. Due to the immateriality of this amount, we still consider these financial statements to be fairly stated.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT



**Woodbury & Company, LLC**

Certified Public Accountants

April 24, 2008

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, 2007, 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the proceeding 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

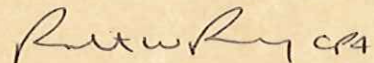
segregation of duties to be a significant deficiency in internal control.

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

A handwritten signature in cursive script that reads "Robert W. Ray CPA".

Robert W. Ray, CPA  
Member of the Firm

WOODBURY & COMPANY, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
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 year ended December 31, 2007, 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of a few 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 Organization's internal control in our report dated April 24, 2008. A separate letter dated April 24, 2008, contains our report on significant deficiencies in the Organization's internal control.) This letter does not affect our report dated April 24, 2008, 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 Organization 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.

**DISBURSEMENTS WITHOUT ADEQUATE SUPPORTING DOCUMENTATION**

There were a few disbursements (totaling approximately \$3,000) that did not contain adequate documentation to support the expense. The treasurer should not pay for any item that does not contain the proper documentation.

(CONTINUED)

(CONTINUED)

MANAGEMENT RESPONSE

No item will be paid without the proper supporting documentation.

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*

April 24, 2008  
Franklin, Indiana